



Anusorn Supanun and Pui Fai, a Siamese cat.

## No More Pussyfooting for Thai Cat Lover

He Wants Group to Judge Siamese Pedigrees, Seeks End to Imports for Breeding

By Barbara Crossette  
New York Times Service

BANGKOK — There was a cat show in Bangkok — a novelty here where pets rarely promenade in public — and during the proceedings some bad news slipped out.

Thailand, the former kingdom of Siam, is importing Siamese cats.

"Six hundred years ago, there were 17 breeds of Siamese cat, according to the cat bible they keep in the national museum," said Anusorn Supanun, a 6-month-old sample named Pui Fai skipped across his desk and bit the telephone.

"Now 13 of them are extinct, and all around the world the four remaining breeds — seal point, blue, copper and white — are not being kept pure."

The rich colors of true Siamese cats have faded or muddled in the West, he said.

Mr. Anusorn, a senator in the Thai National Assembly and a founder of the Siamese Cat Association, owns more than 20 cats in all four surviving Siamese breeds.

Importing cats for breeding is one of the things Mr. Anusorn would like to end. He thinks it should be up to Siam to decide what a Siamese cat is, and he is working to register the Siamese Cat Association in Thailand and abroad as an arbiter of pedigree.

Elegant, fine-featured and slender, the native cats have a regal history, Mr. Anusorn said, noting: "In the old days they were kept in palaces. Cats were for the higher classes. The common people had dogs."

The breeds remained pure for perhaps hundreds of years, Mr. Anusorn said.

However, he added, Siam's Siamese cat population was decimated in a series of invasions by the Burmese, culminating in the 18th-century sack of the ancient capital of Ayutthaya. When the Thai people fled — ultimately to build their new capital, Krung Thep, which foreigners call Bangkok — "everyone ran to save his life, and they couldn't save the cats," Mr. Anusorn said.

As a final insult, one of the Siamese breeds, the copper-colored cat, became known around the world as Burmese. "There are Burmese cats, too," he noted. "But not this one."

In 1871, Siam's King Chulalongkorn sent some seal-point Siamese to Europe as emissaries to advertise his kingdom. Another batch was dispatched to the United States a decade later. They have been hits in the West ever since.

Meanwhile, Thailand grew indifferent. Although showstopper cats can be found in almost any Buddhist temple, felines are not mystical or sacred to the Thai people. Left to their own devices, the noble Siamese cats took to moving in with Western tabbies, producing a lot of unacceptable variations.

Mr. Anusorn has a list of good reasons for owning a finely bred Siamese cat. They show happiness when you come home, he said, they teach themselves to use a sandbox and they have a repertoire of meows for various occasions. They also catch mice and lizards.

Mr. Anusorn is encouraging members of the Siamese Cat Association to begin breeding cats for export.

"I remember when I went to England to study," he said. "Nobody knew about Thailand, but everyone had heard of Siamese cats."

## WORLD BRIEFS

### Family of Smoker Loses Case in U.S.

SANTA BARBARA, California (UPI) — R.J. Reynolds Tobacco Co. is not liable for the death of a man who smoked three packs of cigarettes a day for more than 50 years, a jury ruled Monday.

The verdict came on the second day of deliberations in a case monitored closely by the \$60-billion tobacco industry, which has never had to pay liability damages to smokers. The 12-person jury, including only one smoker, deliberated less than nine hours before deciding, 9-3, against the family of John Galbraith, who died at age 69 after smoking three packs of R.J. Reynolds cigarettes a day for more than half a century.

The jury requested Friday a re-hearing of testimony by Dr. George Fisher, Mr. Galbraith's attending physician, whose testimony appeared contradictory on a crucial issue. At one point, he testified that lung cancer had contributed to Mr. Galbraith's death and at another that it had not.

### Tamil Separatist Survives Bomb Blast

NEW DELHI (Reuters) — A.S. Balasingam, an official with a Sri Lankan separatist group, escaped unhurt when a bomb exploded Monday at his home in Madras in southern India, the Press Trust of India said.

Mr. Balasingam, the spokesman for the Liberation Tigers of Tamil Eelam, said the blast blew a hole in his bedroom roof, the news agency reported. He blamed agents of the Sri Lankan government and the Israeli secret service.

Mr. Balasingam, who belongs to a coalition of Tamils fighting for a separate homeland in northern Sri Lanka, was deported to Britain in August. He was allowed to return to India to take part in Indian-sponsored talks between the separatists and the Sri Lankan government.

### Orthodox Party Assails Israeli Cabinet

JERUSALEM (UPI) — The ultra-orthodox Agudat Israel party submitted a no-confidence motion to the Knesset on Monday to show its disapproval of the government's failure to halt the construction of a Mormon academic center, a parliamentary spokesman said.

The spokesman said the Israeli parliament would vote on the motion Tuesday. On Sunday, the Israeli cabinet assigned a ministerial group to consider the future of an extension of Brigham Young University that is being constructed on Mount Scopus in Jerusalem. The decision followed a threat by the religious parties to leave the government if the team were not established.

Agudat Israel, one of the four religious parties that are junior partners in the 15-month coalition government, also accused the cabinet of permitting violations of the Jewish Sabbath. A walkout by the religious parties would not threaten the survival of the cabinet because its two main constituents, the centrist Labor Party and the right-wing Likud bloc, hold a combined total of 85 of 120 seats in the Knesset.

### France to Pay Damages to Greenpeace

PARIS (Reuters) — France has agreed to pay damages to the Greenpeace environmental organization for the sinking of its protest ship Rainbow Warrior, spokesmen for the French government and Greenpeace said Monday.

The French government, again acknowledging responsibility for the sabotage of the ship in Auckland harbor in July and the death of a Greenpeace crewman, agreed to open negotiations to settle the amount of compensation owed, the spokesmen said.

David McTaggart, chairman of Greenpeace, said that if no settlement was reached within 90 days either party could submit the dispute to an international board made up of three independent arbitrators. France already has agreed to pay an undisclosed amount of compensation to the family of Fernando Pereira, the crewman who was killed.

### U.S. Responds on Soviet Moratorium

WASHINGTON (WP) — President Ronald Reagan is sending Mike S. Gorbachev what U.S. officials are describing as a conciliatory response to the Soviet leader's offer to open some nuclear test sites for inspection in return for U.S. participation in a Soviet moratorium on underground nuclear testing.

A U.S. senior official said that a letter offering further discussion on the issue was "on its way to Mr. Gorbachev from the president." The Soviet Union announced a unilateral six-month moratorium in August after the United States rejected a proposal for a joint moratorium. Mr. Reagan's letter did not change U.S. policy opposing the moratorium but did react approvingly to what the senior official called "the positive aspects" of Mr. Gorbachev's latest proposal. "We're intrigued with apparent Soviet interest in on-site inspection for verification purposes," the official said. "That's something new from them that deserves to be taken seriously."

### Tarnoff to Head U.S. Foreign Council

NEW YORK (AP) — Peter Tarnoff, a career diplomat, was named Monday as president of the Council on Foreign Relations. The group is a leading nongovernmental organization for the study of foreign policy and publishes the journal Foreign Affairs.

Mr. Tarnoff's appointment was announced at the conclusion of a private meeting of the council's 24-member board of directors at its headquarters here. He succeeds Winston Lord, who has been named U.S. ambassador to China.

Mr. Tarnoff, 48, entered the U.S. Foreign Service in 1961.

### For the Record

Abdel Karim Khaliki, 33, a Moroccan who participated in the takeover of a courtroom in Nantes, France, has been charged with two accomplices and will not be expelled to Morocco, a prosecutor said Sunday in Nantes. (AP)

A stowaway who swam ashore from a Soviet grain ship anchored in the Seine at Rouen, France, said Monday he was a swimming instructor in the Ukraine who had always wanted to live in the West. (UPI)

Pope John Paul II, acting on a request from the Islamic government of Iran, sent an emissary to Tehran on Monday with a Christmas "message of prayer and human solidarity" for Iraqi prisoners of war. (UPI)

In Minneapolis, Mary Lund, the first woman to receive a mechanical heart, is suffering from kidney problems and still is in critical condition five days after her surgery, doctors said Monday. (Reuters)

## Penn Thal Dies; Leader Of Cambodia Resistance

New York Times Service

BANGKOK — Penn Thal, 51, a former Cambodian diplomat who became a leader of the anti-Vietnamese resistance on the Thai-Cambodian border, died in Beijing on Wednesday, according to officials of the Khmer People's National Liberation Front.

Mr. Penn Thal was the son of the former Cambodian prime minister, Penn Nouth, who died earlier this year in Paris.

Son Sam, the leader of the front, said Monday that Mr. Penn Thal had been in poor health since his wife and several children died in the Khmer Rouge seizure of power in Cambodia in 1975. "He really never recovered from the shock," he said.

Irving Marder, 64, writer, Ex-Editor at the IHT

WASHINGTON (IHT) — Irving Marder, 64, a writer and former editor at the International Herald Tribune, was killed in a traffic accident Dec. 12 in South Pasadena, California.

Survivors include his wife, Jane, two sons, Nicholas, 24, and Patrick, 20, a step-daughter, Claudia, and three brothers, Milton, Murray and Calvin.

His first published book was "The Paris Bit," which came out in the 1960s while he was a copy editor at the Herald Tribune. Until March he had worked for five years on the copy desk of the Los Angeles Herald-Examiner.

Theresa M. Goell, 84, Found Tomb of Antiochus I

NEW YORK (NYT) — Theresa M. Goell, 84, an archaeologist who uncovered the tomb of Antiochus I in Turkey, died Wednesday after a long illness.

Miss Goell was best known for her work on the Nimrud Dagh project in southeastern Turkey in the 1950s, in which she explored the

kingdom of Antiochus I, who ruled in the first century B.C. She and her party uncovered monuments, as well as Hellenistic sculpture, created by the king for his tomb in the Anti-Taurus Mountains.

■ Other deaths: Richard P. Condie, 87, who brought the Mormon Tabernacle Choir to world prominence during his 17 years as its director, Sunday in Salt Lake City following a short illness.

James Lederer, 81, a Hungarian émigré journalist and leading authority on East European affairs, the Observer weekly newspaper said Sunday.

Barbara K. Firestone, 70, wife of the industrialist and former ambassador to Belgium, Leonard K. Firestone, Tuesday of cancer in Rancho Mirage, California.

Ken O'Dea, 72, a catcher in major league baseball for 12 years. Tuesday in Lima, New York. He played for the Chicago Cubs, the New York Giants, the St. Louis Cardinals and the Boston Braves from 1935-1946. His batting average was .255, with 40 home runs in 832 games.

Andrew Wolf, 42, a chamber music pianist, of a brain tumor Sunday at his home in suburban Boston.

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### State Weighs Acquittals in Papal Trial

The May 13, 1981, shooting of John Paul.

Instead, Mr. Marini probably will request an acquittal on the ground of a lack of sufficient evidence, said the source, who is close to the prosecution and who requested anonymity.

The source said that Mr. Marini was frustrated by a lack of corroborating evidence and by the erratic behavior of Mr. Agca, a Turkish gunman who is the chief witness.

Mr. Agca, who is serving a life sentence for having shot John Paul, told the authorities during his first trial that he acted alone. Later he turned state's witness and said the shooting was the result of a Bulgarian-led conspiracy.

The prosecution's problem, according to the source and many court observers, is that it has depended so heavily on the testimony of Mr. Agca.

The 27-year-old Turkish terrorist testified that the plot was hatched in Bulgaria and executed with the help of Bulgarian agents and fellow Turks.

But during several weeks on the witness stand, he continually changed his story, admitted that he had lied and often claimed to be Jesus Christ. In the end, he refused to answer any more questions.

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sponsored by THE CHAMBER OF COMMERCE AND INDUSTRY, Kuwait E.E.A. Alsagar, President of the Conference

SUNDAY, 26th JANUARY, 1986

- 08.00 a.m.: REGISTRATION  
09.00 a.m.: Official opening. Welcome address, H.E.A. Alsagar, President, Chamber of Commerce & Industry, Kuwait, Mr. B. Zouhal, Chairman, Arab Bankers Association, London. Introduction Professor C. Th. Grammensch, Director, International Centre for Shipping & Shipping Finance, City University Business School.  
10.00 a.m.: Coffee Break  
10.30 a.m.: MORNING SESSION, Shipping Markets & Seaborne Trade, H.E.A. Alsagar, Chairman, President Chamber of Commerce & Industry, Kuwait. Speakers  
10.35 a.m.: Mr. A.L. Al-Hamad, Chairman, Arab Fund for Economic and Social Development, former Kuwait Minister of Finance, The Maritime Sector in Arab Economic Development: A Critical Look  
11.00 a.m.: Dr. R.M. Stopford, Director, British Shipbuilders, London, U.K., Emerging Nations in Seaborne Trade: The Arab Case  
11.25 a.m.: Mr. A.H. Salati, Chief Executive, United Arab Shipping Company, Kuwait, Gulf States Future Prospects in Line Shipping, Panelists: Mr. A.L. Al-Hamad, Dr. R.M. Stopford, Mr. A.H. Salati, Mr. K. Farradon, Editor, Lloyd's List, London, Mr. A.F. Kilma, Chairman, H. Clarkson & Co. London  
01.00 p.m.: Luncheon  
04.00 p.m.: AFTERNOON SESSION, Mr. A. Al-Tammar, Chairman, Governor, Central Bank of Kuwait. Speakers  
04.05 p.m.: Mr. A. Al-Badr, Chairman & Managing Director, KOTC, Kuwait Oil Tankers, Introduction in 1984-1985  
04.25 p.m.: Mr. A.F. Kilma, Chairman, H. Clarkson & Company, London, UK, Tankers - All is not Green  
04.45 p.m.: Afternoon Tea  
05.15 p.m.: Mr. T. Rafsgard, Secretary General, Intertrade, Oslo, Norway, Arab Shipping Role in Shipping, Panelists: Mr. B. Farradon, Mr. A. Al-Badr, Mr. A.F. Kilma, Mr. T. Rafsgard and Mr. A. Sultan, Vice-Chairman and Managing Director of Arab Maritime Petroleum Tankers Co.  
08.00 p.m.: Dinner hosted by the Chamber of Commerce & Industry Kuwait

MONDAY, 27th JANUARY, 1986

- 09.00 a.m.: MORNING SESSION, Shipbuilding & Shipping Service Sectors, Mr. A. Attiga, Chairman, Secretary-General OAPEC. Speakers  
09.05 a.m.: Mr. I. Chahaby, Undersecretary, Ministry of Oil, Iraq, Board Member, ASRY, Bahrain, Arab Experience in Ship Repair  
09.30 a.m.: Mr. M. Ezziat Adel, Chairman, Suez Canal Authority, Suez Canal and World Shipping  
09.55 a.m.: Mr. Graham Day, Chairman, British Shipbuilders, U.K. London, Initiatives in Ocean Transportation: Linking Needs in Ocean Shipping Development  
10.15 a.m.: Coffee Break  
10.45 a.m.: Dr. C. Mouskhar, Director General Maritime Academy of Alexandria, Human Investment in the Arab Maritime Sector. Panelists: Mr. I. Chahaby, Mr. M. Ezziat Adel, Mr. Graham Day, G. Mouskhar and Capt. A. Al-Diwani, Director General Arab Maritime Transport Academy, Sharjah  
01.00 p.m.: Luncheon  
04.00 p.m.: AFTERNOON SESSION, Mr. B. Papachristidis, Chairman, Chairman, Papachristidis, (UK), Ltd., London  
04.05 p.m.: Captains A. Al-Diwani, Director General Arab Maritime Transport Academy, Sharjah, The Role of the Arab Maritime Transport Academy in the Arab Maritime Economy  
04.25 a.m.: Mr. A. Vgenopoulos, Vgenopoulos Law Offices, Piraeus, Greece, Legal Aspects for the Development of Arab Shipping  
04.45 p.m.: Afternoon Tea  
05.15 p.m.: Mr. A. Al-Jadid, Former Director of Shipping, UNCTAD, Geneva, Financing Arab Maritime Transport for the next 15 years. Panelists: Mr. G.C.M. Cooke, Consultant, Baker & McKenzie, Solicitors, London, U.K., Captains A. Al-Diwani, Mr. A. Al-Jadid and Mr. A. Vgenopoulos  
08.00 p.m.: Dinner hosted by National Bank of Kuwait

TUESDAY, 28th JANUARY, 1986

- 09.00 a.m.: MORNING SESSION, Shipping Finance & Investment, Mr. Graham Day, Chairman, Chief Executive, British Shipbuilders, London  
09.05 a.m.: Mr. A. Al-Turki, Managing Director, National Shipping Co. Saudi Arabia, The Role of Banking in the Growth of Arab Shipping  
09.30 a.m.: Mr. I. Dabdoob, Chief General Manager, National Bank of Kuwait, Shipping Finance in Arab Banking  
09.55 a.m.: Mr. B. Papachristidis, Chairman, Papachristidis, (UK), Ltd., London, Initiatives in Ocean Transportation: A Foreign Owner's Point of View  
10.15 a.m.: Coffee Break  
10.45 a.m.: Mr. T. Petropoulos, General Manager, OMNIRANK, London, Changes in Maritime Investment Opportunities: The Case for the Creation of an Arab Maritime Investment Fund. Panelists: Mr. I. Dabdoob, Mr. B. Farradon, Mr. B. Papachristidis, Mr. T. Petropoulos and Mr. A. Al-Turki  
01.00 p.m.: Luncheon  
04.00 p.m.: AFTERNOON SESSION, Professor Costas Th. Grammensch, Chairman, Director, the International Centre for Shipping and Shipping Finance, The City University Business School  
04.05 p.m.: Mr. M. Riddas, Chairman, Iraq National Insurance Company, Banking, Insurance and the Shipping Industry  
04.25 p.m.: Mr. J.J.P. Toomey, Deputy Chairman Jardine Galloway Ltd. (Lloyd's Brokers) London U.K., Marine Insurance in the '90's  
04.45 p.m.: Afternoon Tea  
05.15 p.m.: Mr. G.C.M. Cooke, Consultant, Baker & McKenzie, Solicitors, London UK, Financing Joint Ventures - Minimising the Risk in Law. Questions and Discussions. Closing Remarks and Recommendations  
08.00 p.m.: Dinner hosted by Kuwait Oil Tankers Co.

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# Education and Ideology: A U.S. Education Official's Conservative Crusade

Keith B. Richburg

Washington Post Service

WASHINGTON — The audience of high school students in Cleveland, Ohio, and Education Secretary William J. Bennett forward in his chair, eagerly for someone to take up his

year-old student spoke up, naming Mr. Bennett's assertion that U.S. schools must teach people that the United States is "morally superior" to the Soviet Union.

He said that one is more than the other, "said the Rupa Datta, of Cleveland

about free speech?" Mr. Bennett said, "I think this is a moral freedom."

teen-ager tried again: "In Viet Union, there is more freedom."

Mr. Bennett said, "The United States is all equally a state."

Bennett clearly relished this news exchange. It was an exchange to use what he calls "moral facts" to score another point for the Free World in the struggle between democracy and communist tyranny.

secretary's day, packed with his usual speeches and interviews was typical of a day on the job for the man who has become a spokesman for traditional values and the conservative way of life.

Bennett maintains an inflexible, despite his former career and his membership in the cabinet. He is a street kid from Brooklyn,



William J. Bennett, the secretary of education

**Bennett has burned some bridges to the educational establishment, from the Hispanic lobby to the higher education community to civil libertarians concerned about separation of church and state.**

but also a student of Jesuit training at Washington's Gonzaga High School. A beer-drinking locker-room backslapper, he played football at Williams College in Massachusetts, but he also is a Harvard-trained lawyer and a philosophy professor with a PhD from the University of Texas.

"This guy grew up in Brooklyn — he's not into pretense and trap-pings," said Burton Pines, vice president of the conservative Heritage Foundation. "He is a model of the new conservative. Bill Bennett is at ease with the American people."

His political agenda — promoting traditional values, private school aid and the exportation of American democracy — has defined Mr. Bennett's first 11 months as education secretary.

It is the common thread linking what his critics call an unfocused educational agenda, that has lured from student aid cuts to school prayer to bilingual education to private school vouchers.

"He continues to court the right and sing their music," Mr. Podesta added. "I think he is an ideologue first and an educator second."

Mr. Bennett's political agenda has endeared him to the New Right, and made him one of the Republican Party's most popular speakers. A poll in the publication Change recently rated Mr. Bennett, 42, a registered Democrat, the most sought-after and controversial speaker on the lecture circuit.

He has been called a solid White House team player, supporting the president's budget cuts in educa-

tion programs, while building bridges to the Christian Right.

Speculation that his ambition extends beyond his current post has been fueled by his interest in news coverage and the way he has plunged into a job he says should be abolished.

Mr. Bennett refers to his underlying agenda as the "Three Cs" for content, character and choice. He first spelled them out in a speech to the National Press Club in March, a month after he took office.

"A lot of these issues are tied together by larger background themes — content, character and choice," Mr. Bennett said in an interview. "They can all be brought back to those themes. There's been a consistency, I think, in what we've said."

He blames criticism that he is unfocused on the Washington insiders' syndrome, which measures success in terms of legislative victories on Capitol Hill. "We're not unfocused," he said. "We're focused on many things."

He has proposed a voucher plan that would allow federal funds to pay private school tuition. He said he wants the federal government to begin supporting new ways to teach English to children with a limited knowledge of the language. He said he thinks prayer and religion should be put back in public schools. He backed merit pay and competency tests for teachers. And he said he thinks schools should foster a national consensus in support of the Reagan administration's policy in Central America.

Mr. Bennett has burned bridges to some members of the educational establishment, from the Hispanic lobby to the higher education community to civil libertarians concerned about separation of church and state.

that Mr. Bennett meant "family financial planning."

As he ends the first year of what he expects to be a four-year term of office, Mr. Bennett seems to have tackled some of his early problems.

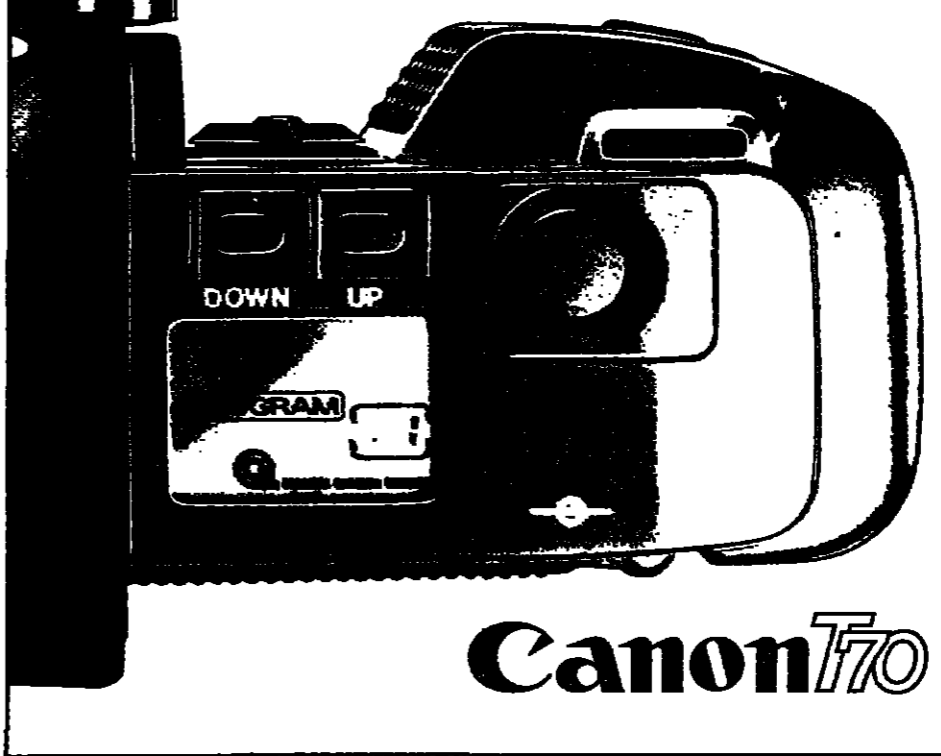
His opponents acknowledge that he has moderated his rhetoric. Senate approval this month of some key department appointees means Mr. Bennett now has his management team in place, adding an air of permanence to a department that seemed disjointed.

The appointment of a newspaperman as press secretary, and of a trusted aide who worked for him while he was chairman of the National Endowment for the Human-

ities, have improved his public image. Relations with Congress also have improved.

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A quote from 'SLR Camera' in the U.K.



## Reagan Signs Bill for Record Farm Price Subsidies

The Associated Press

WASHINGTON — President Reagan signed into law a farm bill that is likely to U.S. subsidies to record levels to expand the sale of farm products in foreign

markets. The legislation was on the "step forward for American agriculture" that would move closer to the "market-oriented" industry he has sought.

President also signed a re-authorization of the Farm Credit Act, the \$70-billion banking act that is the nation's largest

in Aims at Foreign Sales  
ian Robbins of The New Times reported earlier from City, Missouri:

costliest farm bill in history. The bill is a gamble that agriculturalists in the United States can win with lower prices and government price supports, both

enders and its critics said. As a gamble, they said, that reductions for American farmers can stimulate enough a buying to reduce burdens and provide some-thing to full use of the American farm establishment — 1 million farms, their suppli-

ers, the railroads that move their produce and the mills and shippers that process and sell it.

Even the projected costs of \$52 billion over the first three years of the five-year measure are, like those of farm legislation of past years, far from a certainty, many said. For example, current farm programs, which were enacted in 1981, wound up costing five times as much as their authors had expected.

Some economists believed the cost has been underestimated for the new measure because, they said, far more farmers are likely to apply for benefits than now participate in U.S. farm programs.

But if the new Food Security Act of 1985 can do all that its backers foresee for it, farmers, farm economists and other experts agree, it will be well worth the budget costs. Overall, said Terry Barr, former director of the economics staff at the Agriculture Department, the bill was "good for consumers, good for farmers and good for both the people who sell farmers their supplies and the manufacturers and processors who handle the farm products."

Naturally, not everyone agreed. The conservative American Federation of Farm Bureaus, the largest farm organization, also endorsed the legislation, but the more activist National Farmers Organization and the National Farmers Union are still attacking it.

Cy Carpenter, president of the National Farmers Union, said the bill "doesn't deserve to be called farm legislation" because "it does nothing to confront the crisis" of burdensome debts and rising farm failures.

The bill's principal features will give both domestic and foreign buyers more American farm goods for less money and at the same time will offset reduced revenue from the marketplace with bigger government checks.

A projected result, they said, is likely to be a restraint on food costs for consumers.

The bill will use some old tools to start agricultural policy off in a new direction. One is a device by which farmers can borrow money from the government when prices are low, pledging their crops as collateral.

Later, if they find it advantageous, they can pay off the loans and reclaim the pledged commodities and either sell them or use them as animal feed. If not, they can forfeit the crops and keep the price-support loan money.

This year the price support loan rate for corn, for example, is \$2.55 a bushel. For wheat, the major food grain, the rate is \$3.30 a bushel. Both loan rates are above selling prices in most local markets. As a result, farmers have been turning over much of their production to

the government, leaving warehouses stuffed with government-controlled surpluses.

One reason for those surpluses is that the loan rates also benefit foreign competitors, enabling them to undersell Americans and capture markets once dominated by the United States.

The new bill departs sharply from the current policy. It provides for drastic reductions in the loan rates, challenging foreign competitors to a battle in which the principal weapons will be prices and the size of their government treasuries.

In 1986, for example, the secretary of agriculture must lower the loan rate for corn by at least 39 cents, to \$2.16 a bushel, and, if he decides competitive conditions warrant a further cut, he can lower the loan rate 24 cents more, to \$1.92 a bushel, 63 cents below the 1985 level. The secretary can lower it further in subsequent years. For wheat, the reduction from current rates could amount to as much as 90 cents.

To protect farmers against losses from sharp decreases in price, the measure uses another old device that guarantees a minimum payment for farmers who participate in government farm programs and accept the restraints on production they usually entail.

The rationale is that we have been playing into the hands of our

competitors," said Mr. Barr. "This really serves notice to the rest of the world that we are going to be very aggressive exporters."

"This gives us a chance for a test. If it turns out after a couple of years that competition is not the key, we'll have to go back into the program and operate on it again."

Many agriculture experts argue that prices have less influence on export sales than the authors of the bill appear to believe. Some countries resist food imports for security reasons, the experts said, while others have trade arrangements based on considerations other than price.

In any event, other critics contend, foreign competitors are likely to fight back with aggressive pricing responses of their own.

"It's foolish to believe you can steal those foreign markets back," he said. "The competition can't afford to let them go."

## S. Midwest Is Racing to Create High-Tech Factories

By James Barron

New York Times Service

ARBOR, Michigan — Conway, who spent more 5 years designing computer systems in California, sold her 800 house in Palo Alto not long ago. She moved to the industrial Midwest West because, she said, this is where the technology is going to be for the next 20 years.

Mr. Brostoff, whose \$5-million communications company has roots in California, moved to Arbor, a rapidly growing city town an hour's drive from Detroit. He says his suppliers better-quality work than in California.

Electronic Data Systems moved more than 8,000 employees from Dallas to Detroit to General Motors' push to retool the way it designs, builds and sells cars.

Conway is on to create high-tech factories of the future in the industrial Midwest where the economy has been in competition from more manufacturing plants and labor costs elsewhere.

Pittsburgh to Minneapolis, where companies are spending millions of dollars to marry high technology with conventional manufacturing techniques.

Emphasis on technology in the Midwest West is the central manufacturing revolution in the region, as dramatic as the one with Henry Ford's assembly line.

E. Korawski, the executive director of the Computer and Control Systems Association of Engineering of Manufacturing Engineers, said that many engineers are manufacturing to change more in 15 years than in the last

the region regain competitiveness in world markets without sacrificing high standards of living for workers.

"Can we do it quickly enough to win against the Japanese?" said Douglas Ross, Michigan's commerce director. "We don't know yet. But we're sure trying, because if we don't at least do that, the risk is that everything we have will go down the tubes."

Experts see strong indications of progress. According to the Federal Reserve Bank of Chicago, there are more than 15,800 companies mak-

ing high-technology equipment in the eight states on the Great Lakes. Michigan, which had the highest U.S. unemployment rate in the recession of the early 1980s, has moved toward recovery, in part because there now are more than 85,000 new jobs in high-technology manufacturing, state officials say.

In Pittsburgh, where steel is no longer the dominant industry, 180,000 new jobs in advanced technology have been created in the last decade, despite a 7-percent population decline. Minnesota, the home base for the 3M Corp., Control Data Corp. and Honeywell Inc., has more than 100 new companies specializing in biomedicine and computer software within 50 miles (80 kilometers) of the Mayo Clinic in Rochester, Minnesota.

Investors who long have shunned the region's smokestack industries as poor risks now are providing a steady flow of capital for high-technology research and development. The companies in Pittsburgh spend \$1.5 billion a year for that purpose, and where private investors have been slow to provide such funds, states have stepped in.

Since 1983, Michigan has invested more than \$50 million in small, new companies. Three other states — Ohio, Illinois and Indiana — have spent more than \$250 million on programs for new high-technology entrepreneurs. The 13 states of

the Midwest Governors Conference have contributed \$250,000 each to open the Midwest Technology Development Institute in Minneapolis.

But high technology in the Midwest West is not just for new companies. The automobile companies are scrambling to bring new technologies to factories built 60 years ago, and other companies that prospered with gears and pulleys have turned to electronics. The National Cash Register Co., which made its first mechanical cash register 101 years ago in Dayton,

the country to the heavily industrialized area.

No one expects this region to become as packed with computer companies as Silicon Valley or Route 128 near Boston. The Midwest West, where many corporations have essentially the same manufacturing capabilities as 40 years ago, instead is combining high technology and manufacturing.

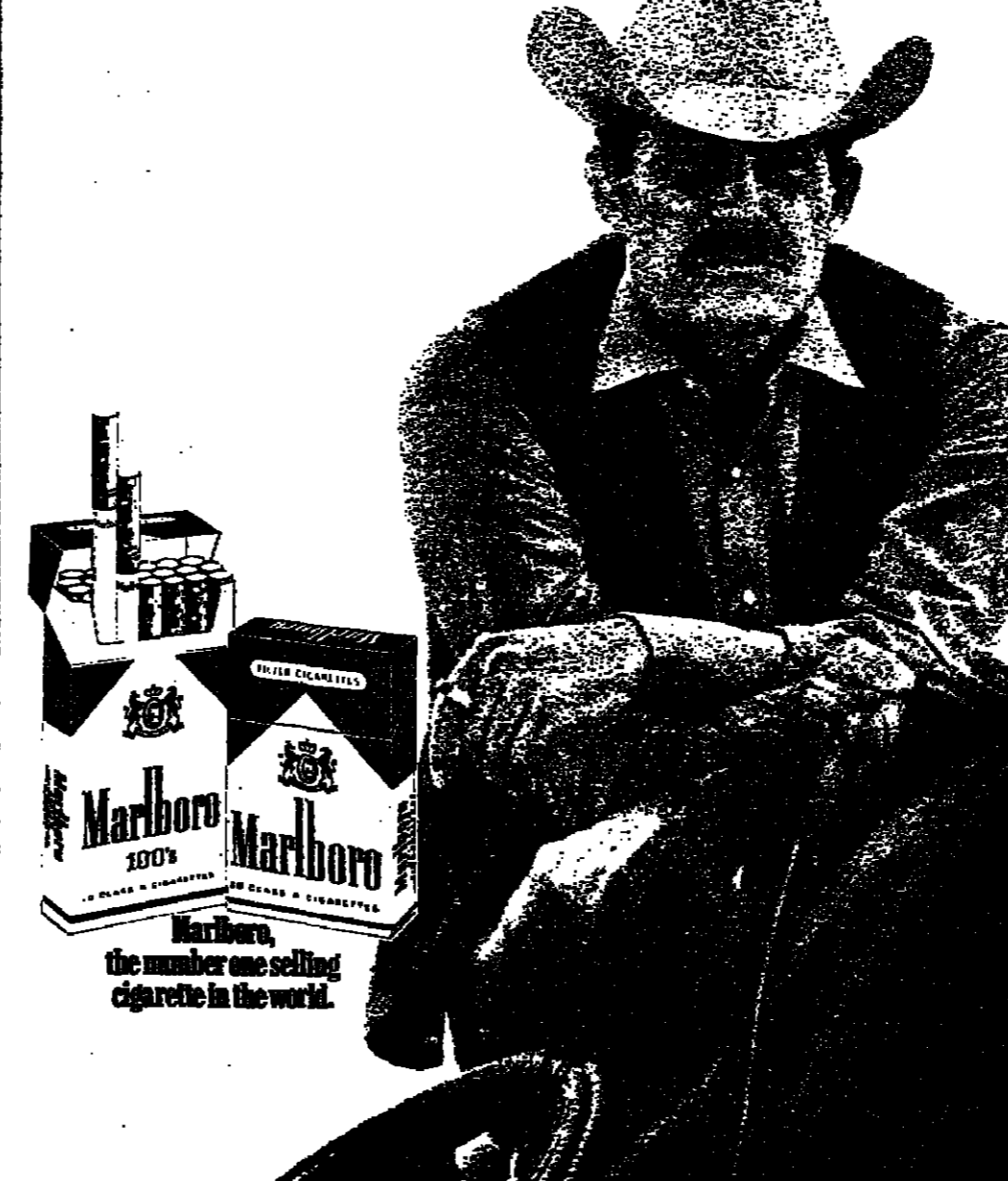
While high technology appears to be strengthening the Midwest West's economy, many experts maintain that the success or failure of the new manufacturing methods will have essentially no effect on joblessness. Unemployment in 11 Middle Western states, which climbed as high as twice the national average in the recession, fell to 7.7 percent in October 1984, according to the Federal Bureau of Labor Statistics. The national unemployment rate in October was 7 percent.

But the more successful high-technology manufacturing is, the fewer factory jobs there will be. At one American Motors Corp. factory alone, according to a study last year, robotics could eliminate 3,000 of 6,000 hourly jobs.

The countering argument, made by Robert A. Bowens, Michigan's state treasurer, is that 20 jobs at a high technology company can secure 20,000 jobs at an auto manufacturer by increasing efficiency, quality and productivity. By one estimate, robotics alone could provide more than enough jobs to hire the 60,000 auto workers who have been on indefinite layoffs since the last recession.

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## Ex-General In Police Is Killed in Basque Area

**The Associated Press**  
PAMPLONA, Spain — A man and a woman suspected of being Basque extremists shot and killed a retired general Monday while he was walking near his home in this provincial capital, the police said.

They said that Juan Aizpuru, 67, formerly of the Civil Guard, may have been killed to avenge the death of a suspected Basque extremist, Mikel Zabaltza, who died under mysterious circumstances after being taken into police custody.

Witnesses said the couple approached General Aizpuru and fired several shots, killing him instantly, then fled in a waiting car. No one claimed responsibility but the police blamed Basque separatists.

In Portugal, the Lisbon ticket office of the Spanish national airline, Iberia, was bombed Monday and a Portuguese leftist splinter group claimed responsibility. The group said the bombing, which caused no casualties, was to protest Mr. Zabaltza's death.

The police picked up Mr. Zabaltza in a raid in a San Sebastian suburb on Nov. 26, four hours after Basque guerrillas killed their third victim in less than 48 hours.

The Civil Guards said that Mr. Zabaltza, although handcuffed, escaped as he was leading them to a purported arms cache in an abandoned railroad tunnel along the Bidasoa River in Navarre. His body was found floating in the river near the tunnel eight days ago.

His death touched off major protests and violence throughout the Basque country in recent days.

Results of an autopsy indicated Mr. Zabaltza drowned and was in the water at least 15 days. His family contended that the Civil Guards tortured him and threw him in the river.

## Reagan Budget Proposal Includes Sale of Utilities

**New York Times Service**  
WASHINGTON — President Ronald Reagan's budget for the fiscal year 1987 contains a proposal to sell the Bonneville Power Administration and three similar agencies providing electric power to millions of people living in Western, Southwestern and Southeastern states, according to federal officials.

The officials said Sunday that the proposals were part of Mr. Reagan's effort to sell federal assets and to transfer programs to private industry.

## U.S. Says It Will Abide By Expiring SALT Pact

**The Associated Press**  
WASHINGTON — The United States will continue to abide by terms of the unratified strategic arms limitation treaty after it expires Dec. 31, it was announced Monday.

"The policy stays in place," said the presidential spokesman, Larry Speakes.

"Our position on SALT-2 is that we have indicated that we will live under the agreements of SALT-2 and not violate them," Mr. Speakes said. "And until we say differently, the policy remains the same."

The treaty, which President Ronald Reagan denounced in the 1980 presidential campaign as "fatally flawed," puts limits on long-range bombers, missile-firing submarines and land-based missiles. It was signed by Jimmy Carter and Leonid I. Brezhnev but was never ratified by the Senate.

The Pentagon says that the Soviet Union has repeatedly violated the treaty.

Mr. Reagan will face another decision in March when a new Trident submarine, the Nevada, begins sea trials. He will be faced with a choice between either exceeding treaty limits or dismantling existing missile systems, such as two Poseidon submarines.

### Tass Assaults Reagan

The Soviet Union accused President Reagan on Monday of "promoting terrorism" in a new item of American exports, United Press International reported from Moscow.

The Soviet press agency, Tass, condemned Mr. Reagan's support for anti-Communist "freedom fighters" in Afghanistan, Cambodia, Nicaragua and Angola.

"This is tantamount to proclaiming terrorism a new item of American exports, on whose encouragement the Congress appropriates ever new astronomical sums," Tass said.

**Arms Report Ridiculed**  
Tass said a U.S. report on alleged arms treaty violations by the Soviet Union did not contain new charges, according to Reuters.

"It sets forth hackneyed inventions unsubstantiated by any concrete facts and which were already more than once exposed by the Soviet side," Tass said.

A digest of the report was made public by The New York Times, which said it was prepared for Congress and alleged nine Soviet violations of arms control pacts.

Tass described the allegations as "a fresh propaganda fraud."

## French Mediator Conveys Demands On 4 Hostages

**United Press International**  
BEIRUT — A French mediator seeking to free four French hostages returned Monday to Paris with their captors' final demands as an envoy of the Church of England working to free U.S. captives worked in secrecy in West Beirut.

"My mission has ended, and it is now up to the French government to decide what it wants to do with the conditions of the kidnappers," said Dr. Razah Raad, a cardiologist, before leaving Beirut.

He did not say what the demands were, but political sources said that they included the release of five persons imprisoned in France for trying to assassinate Shahpur Bakhtiar, the former Iranian prime minister, in 1980.

The hostages are two diplomats, Marcel Fontaine and Marcel Carton, a journalist, Jean-Paul Kaufmann, and a researcher, Michel Saurat.

Terry Waite, envoy of the archbishop of Canterbury, negotiated in secret for a third day in West Beirut to present "proposals" to the pro-Iranian kidnappers of at least four of six missing Americans.

## Gorbachev Faces Opposition in Policy-Making, Envoys Say

**(Continued from Page 1)**  
The United States at the Geneva meeting not to seek military superiority over the Soviet Union is as yet only words," he said.

Veiled criticism of Mr. Gorbachev by the old guard in the Politburo, Vladimir V. Shcherbitsky, the Ukrainian leader, took exception to the generally positive tone of public commentary on the summit meeting in a recent speech and called for a Soviet military buildup, saying the international situation remained "tense." The diplomats said Mr. Gorbachev probably could not count on the support of Mr. Shcherbitsky and three or four other older Politburo members. There are now 12 voting members.

The failure to name a new party secretary to oversee economic policy. The appointment would require calling a plenary meeting of the Central Committee. This key post has been vacant since Mr. Ryzhkov became prime minister in September. The diplomats said this suggested disagreement both about the choice of a new secretary and the policies he would direct. It is also possible that with four party secretaries already supervising different facets of the economy, no

replacement for Mr. Ryzhkov will be named.

An incomplete reorganization of agricultural management. The diplomats said the creation last month of a vast agribusiness administration consolidating six government agencies did not touch four other farm-related ministries. "It was clear Gorbachev wanted to do away with all the agricultural ministries, but had to settle for a compromise," a diplomat said.

The appointment of regional party officials who have connections to Mr. Ligachev but not to Mr. Gorbachev. Detailed biographical information is difficult to obtain, but some of the 34 regional party leaders replaced since March are known to have worked for party organizations in Siberia. Mr. Ligachev's former base.

It may be that after his initial push in the spring, Gorbachev decided to let the dust settle before picking up the pace again," a diplomat said.

A more widely shared view is that Mr. Gorbachev has encountered opposition to some proposed changes.

Mr. Ligachev's role in developing policy is the subject of speculation among diplomats. Mr. Liga-

chev, now regarded as the second ranking person in the party hierarchy, is the only official besides Mr. Gorbachev to combine membership of the policy-making Politburo, and the party's Secretariat, which carries out policy.

As the secretary responsible for ideology, Mr. Ligachev has gained a reputation as the enforcer of Marxist-Leninist doctrine, often taking a harder line than Mr. Gorbachev, the diplomat says.

In a recent article in *Kommunist*, a party journal, Mr. Ligachev took a conservative position on economic and cultural issues.

In a speech on June 29, a few days after Mr. Gorbachev's most forceful presentation of his plan for economic innovation, Mr. Liga-

chev said any changes would take place "within the framework of scientific socialism" without "shifts toward a market economy or private enterprise."

While Mr. Gorbachev had not advocated market-economy practices, he left the impression that he was prepared to introduce greater incentives, to temper with the pricing system, and to turn over more power to plant managers, all of which represented a departure from the orthodox approach to economic management.

Diplomats say it is unclear if Mr. Ligachev is subtly challenging Mr. Gorbachev or acting as his agent to alleviate questions raised by the Gorbachev speech. In their public

appearances, both men seem to be on good terms.

This contrasts with the leader's more formal relations with the defense minister, Marshal Sergei L. Sokolov, who was seen on television greeting him at the airport on his return from Geneva with a perfunctory handshake.

The military press, including *Krasnaya Zvezda*, the Defense Ministry daily, was more restrained in praising the Geneva meeting than Pravda, the party paper, and Izvestia, the government daily.

Diplomats said these signs of displeasure were confirmed by the tone of Marshal Akhromyev's speech to the Supreme Soviet.

## Middle East Talks: A Fragile Prospect

**(Continued from Page 1)**  
the PLO, that the PLO leaders have.

They live with the ever-present prospect of being gunned down or stabbed to death by more radical Palestinians if they step out of line, as was a West Bank lawyer, Aziz Shihadeh, earlier this month.

A broader peace in the Middle East remains difficult to envision. The Israelis are implacably opposed to dealing with Mr. Arafat and it is difficult to see what Israel would be prepared to give up in land or authority in any deal with the Palestinians and Jordan.

Syria remains opposed to both Mr. Arafat and Israel and remains a central player in the region whose importance seems, to many Arab officials, to be continuously underestimated by U.S. governments.

And Hussein, while wanting peace with Israel and a solution to the Palestinian issue, is not seen to be as bold a figure as was Anwar Sadat, who defied his critics in the Arab world and made a daring venture for peace with Jerusalem.

In effect, Sadat's action means that Jordan is not alone in the Arab world now as Egypt was in 1979, when it signed the Camp David agreements with Israel.

The rest of the pattern includes: • Prime Minister Shimon Peres of Israel, who has won high marks publicly from both Hussein and Mr. Mubarak. Mr. Peres is viewed by moderate Arabs as taking positive steps toward getting talks started, especially by agreeing to some limited international forum as a prelude to direct talks between Israel and Jordan, and by agreeing to meet with a joint Jordanian-Palestinian delegation.

Mr. Peres, however, only has 10 months left in the "national unity" coalition before his Labor Party is to turn over the leadership to the more conservative Likud Party, under which negotiations are widely viewed as less likely to proceed.

• The recent U.S.-Soviet summit at Geneva, which in one sense, indicated that the Middle

**Prime Minister Shimon Peres of Israel is viewed by moderate Arabs as taking positive steps toward getting peace talks started.**



Shimon Peres

East was not near the top of the superpower agenda, also is seen in the region as an event that eased tensions generally and could contribute to a better atmosphere for talks.

• The continued ability of President Ronald Reagan, if he chooses to use it, to influence the peace process in what Arab moderates say they hope will be a positive way. There is no doubt among the Egyptians and Jordanians that only the United States can play the key outside role. There also is no doubt of their disappointment in what they believe is the absence of any imaginative U.S. policy or initiatives.

• The new and surprise rapprochement between Hussein and President Hafez al-Assad of Syria is a potential double-edged sword. No one pretends to know exactly where it will lead.

It could mean that Hussein is fed up with trying to moderate Mr. Arafat, has lost confidence in Washington and has turned to Syria to buttress its security. But it also

could mean an effort to soften Syrian opposition to negotiations with Israel.

It is the confluence of these factors that prompts the moderate leaders to say that both an important moment is at hand and that "time is slipping away," as Mr. Mubarak put it. "That's why we should do something in the very near future so as to keep the peace process going," he added. "Otherwise, we are going to lose everything."

Mr. Mubarak and others say that the key step now would be to let some kind of international forum, including the Soviet Union, take place and see where it leads.

But Mr. Peres has talked of being agreeable to some vague form of international auspices or support that might be a first step toward direct negotiations with Jordan. Last week in Washington, a senior State Department official spoke more positively than the Reagan administration has before about some form of an international conference.



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Austria	A.S.	4,000	2,170	1,195
Belgium	B.F.	9,000	4,875	2,648
Denmark	D.Kr.	1,330	1,040	570
Finland	F.M.	1,410	760	414
France	F.F.	1,200	644	352
Germany	D.M.	482	261	144
Greece	Dr.	15,600	8,464	4,692
Netherlands	Fl.	250	136	74
Italy	Lira	276,000	149,040	82,800
Luxembourg	L.Fr.	9,000	4,875	2,648
Norway	N.Kr.	1,400	765	409
Portugal	Esc.	13,800	7,450	4,090
Spain	Pes.	21,200	11,500	6,300
Sweden	S.Kr.	1,470	795	434
Switzerland	S.Fr.	430	230	129
Rest of Europe, North Africa, former French Africa, U.S.A., French Polynesia, Middle East		5	22	12
Rest of Africa, Canada, Latin America, Gulf States, Asia		5	22	13

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## Arafat Urged To Accept UN Wording On Israel

By John Kifner  
New York Times Service

CAIRO — Yasser Arafat, the Palestine Liberation Organization chairman, is under increasing pressure from moderate Arabs to accept a United Nations resolution recognizing Israel's right to exist or be dropped from the Middle East peace initiative of King Hussein of Jordan.

For more than a week, Mr. Arafat has been expected in Amman, the invitation of Hussein, who wants to commit the PLO leader to the crucial resolution that the United States insists is the prior for entering peace negotiations.

But Mr. Arafat has remained in his headquarters in Tunis, pleading a bad back while calling for yet another meeting of his executive committee.

His second-in-command, Saleh Khalaf, said Monday that Mr. Arafat had been told that he if he failed to accept United Nations Security Council Resolution 242 within 60 days, Arab countries would turn to Syria, which controls Palestinian splinter groups hostile to Mr. Arafat.

"Many are now betraying us," said Mr. Khalaf, who also is known as Abu Iyad, at a news conference in Kuwait. "They are now pressuring us to extend more concessions, including recognition of 242."

President Hosni Mubarak of Egypt said Monday that unless Mr. Arafat accepted Resolution 242 within two months, he would be "the big fish loser."

In an interview with the American television network NBC, Mr. Mubarak said Hussein "would find another way out."

Mr. Arafat and King Hussein agreed Feb. 11 to work in concert on a strategy for peace. But the Jordanian king had declared earlier that his position was based on Resolution 242.

A key adviser to Hussein died Monday in Amman that any specific deadline had been set, but he made it clear that the pressure was on Mr. Arafat to come up with a formula for accepting the UN resolution.

"He himself should appreciate the position he will be in if he should not do this," the adviser said. "If he is reflecting the feelings and aspirations of the Palestinian people, he should be making a decision in a positive way."

"If he does not," Hussein's adviser added, "this is a problem Arafat will have to sort out with the Palestinians, and this has been clearly conveyed to Arafat himself by his majesty."

Resolution 242, which was approved by the UN Security Council after the 1967 Middle East war, called for the return of all Arab territory conquered by Israel in return for its right to live in secure and recognized boundaries.

Mr. Arafat also would be expected to accept UN Resolution 338, which is similarly worded and was passed after the Arab-Israeli war of October 1973.

The PLO refuses to accept the resolutions because they refer to the Palestinians only as refugees and make no mention of a Palestinian state.

Mr. Arafat has long insisted that if he accepts the resolution, he will have forfeited his only diplomatic bargaining chip.

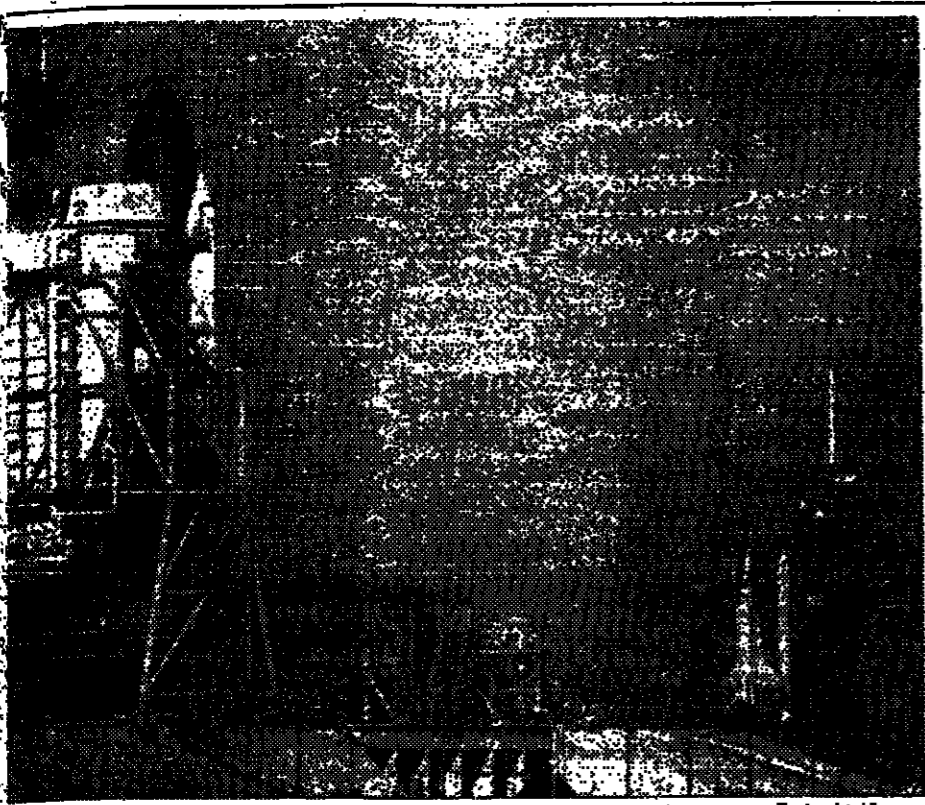
His freedom of maneuvering is limited further by factionalism within the PLO, with militant groups opposing any compromise. One faction led by Khaled al-Hassan and his brother, Hani al-Hassan, has been urging some form of acceptance of Resolution 242 in exchange for a place at the bargaining table.

But an apparently more influential group led by Mr. Khalaf and by Farouk Kaddoumi, head of the PLO's political department, is opposed.

The bodies comprising the PLO leadership met in late November in Baghdad under pressure from Hussein to consider the issue of the resolution.

An opaquely worded statement was all that emerged from the meeting. But Western diplomats and Palestinian sources said that sentiment at the meeting was strongly against what were viewed as any further concessions to the King.

24-12-85



### Launch Sites Are Busy at Cape Canaveral

In the first time in the U.S. space program, two shuttles are on launching pads at the Kennedy Space Center being prepared for missions. Columbia, left, whose departure was delayed earlier, is scheduled to lift off on Jan. 4. Challenger was rolled out Monday to prepare for its takeoff on Jan. 22.

### Bomb Kills 6 at South African Resort

(Continued from Page 1)

the remote, Orange Free State of Brandfort. Mrs. Mandela's arrest was criticized Monday by the Reagan administration in Washington and by the Commonwealth in London, Reuters reported.

The chief White House spokesman, Larry Speakes, said, "We hope the South African government will refrain from such repressive measures and move towards discussion with leaders of the black community."

The secretary-general of the Commonwealth, Shridath Ramphal, said, "The latest provocative and violent act against Mrs. Mandela will be seen throughout the Commonwealth as further evidence of the compelling need to end apartheid and establish the structures of democracy in South Africa."

Mrs. Mandela's defiance of the restrictions seems to deepen the problem faced by a white-minority government confronted both with domestic and international demands for political liberalization, and with equally pressing demands from a white constituency for reprisals against opponents called terrorists.

Monday's bomb explosion here seemed certain to reinforce white demands for punitive action.

The Saturday decision paved the way for the new channel, France's 1st but the first fully private one, begin broadcasting Feb. 20.

Paris—The French legislature resolved a political dispute over proposed new television channel approving an amended bill to allow private transmitters to be installed on the Eiffel Tower.

When it was first introduced, the bill drew strong criticism from the rightist opposition, which used the Socialist government's "stealing" the monument for its political ends. The tower already carries transmitters used by the state networks.

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## Africans Start to Report AIDS

### WHO Initiates Campaign to Curb Epidemic Worldwide

By Lawrence K. Altman  
New York Times Service

GENEVA — In an important change of attitude, major African countries have started to become more open about AIDS, while officials of the World Health Organization, in an expression of mounting concern, say they plan a new push to control the global epidemic of the usually fatal disease.

Last week Kenya became the first country in black Africa to report cases of acquired immune deficiency syndrome to the World Health Organization, an agency of the United Nations with headquarters here.

Kenya reported six cases involving Kenyans and four involving patients from three other African countries whose diagnosis was made in Kenya. Eight of the patients are dead.

President Mobutu Sese Seko of Zaire said recently in Kinshasa that he would act forcefully against AIDS in accordance with recommendations being drafted by medical experts in that central African country.

A few days ago, doctors and health workers began distributing educational pamphlets to their patients in Kinshasa.

[The tiny central African state of Rwanda said Saturday that 319 cases of AIDS had been diagnosed there and that 106 of the victims had died, Reuters reported. The health and social affairs minister, Francois Ndayishimiye, said at a meeting of the ruling party congress in Kigali that 86 of the victims were children under 15.]

Such acknowledgments follow repeated denials of the presence of AIDS by leaders in Kenya and Zaire. Kenya confiscated the Nov. 9 issue of the International Herald Tribune, which contained a New York Times article on AIDS in Kenya and other African countries.

The prevailing thesis that the disease originated in Africa has drawn widespread objection from officials

there, who worry that irrational fear might jeopardize tourism. They also perceive themselves as being blamed for an insidious ailment linked to taboo practices.

Dr. Fakhry Assaad, in charge of AIDS activities for the WHO, called Kenya's action significant because it opened the door for other central and eastern African countries to do the same. Zaire, for instance, has not reported its AIDS cases to the WHO.

In central and eastern African countries where officials still deny that AIDS is present, several new cases are diagnosed each week.

WHO plans to create a unit at its headquarters that will be devoted to AIDS and to staff it with two medical experts, Dr. Assaad said.

The organization is seeking \$30 million from developed countries to help developing countries pay for the epidemiological, laboratory and other technical support needed to build a health system designed to detect AIDS, Dr. Assaad said.

He said a main task would be to stimulate and coordinate public health efforts against AIDS in areas where the disease has become epidemic.

Dr. Assaad said he was seeking "novel ways" to inform the public, particularly in Africa, because "we have nothing to combat AIDS except education."

No effective treatment has been developed for the disorder, which is transmitted through blood and sexual contact and attacks the immune system, leading to death from infections that the body cannot fight off.

The new push was stimulated in part by a meeting in Geneva last week of about 60 health officials and experts from 27 countries who agreed to help WHO develop a stronger program against AIDS.

One sign of the mounting concern was the participation of Soviet and Hungarian health officials in a WHO meeting on AIDS for the first time.

Dr. Halldan Mahler, WHO's director-general, pleaded with scientists and health officials to "sacrifice their own vanity conflicts" to develop the coordinated program needed to fight AIDS.

This was seen by some as a reference to a dispute between French and American scientists over who discovered the virus that causes AIDS.

The Pasteur Institute of Paris, in a lawsuit filed in the U.S. Court of Claims in Washington, contends that researchers at the National Cancer Institute made use of specimens and data supplied by the institute in developing a viral antibody test.

Dr. Jean B. Brunet of the Claude Bernard Hospital in Paris said that

"the AIDS situation in Europe is growing worse," with an increase of 160 percent over the past year and with the number of cases doubling every nine months.

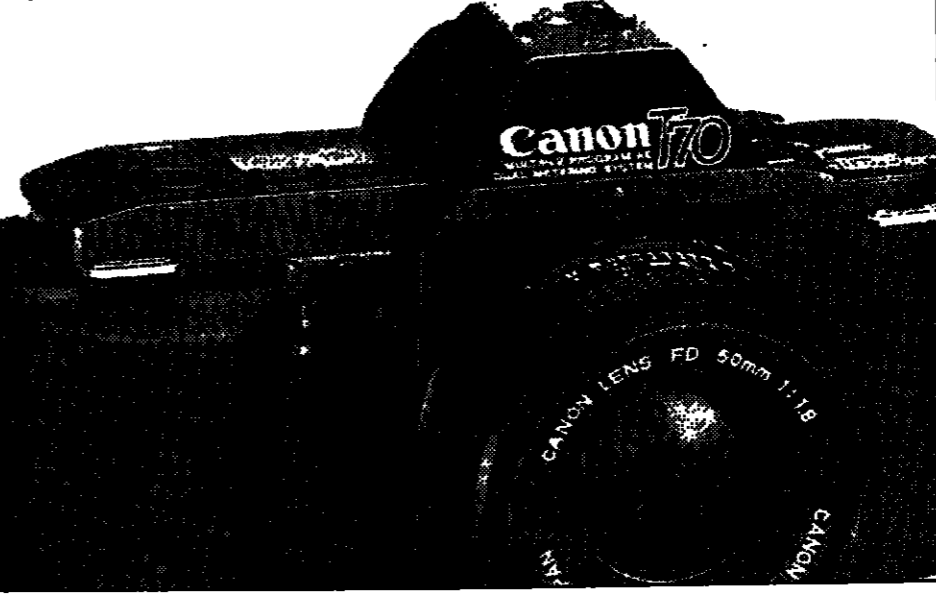
Fifteen European countries had reported 1,428 AIDS cases as of Sept. 30, compared with 559 in October 1984.

Meanwhile, the number of cases in the United States has continued to increase, though the doubling time has slowed slightly to every 13 months, according to Dr. James W. Curran of the federal Centers for Disease Control.

As of Dec. 16, U.S. doctors had reported 15,581 cases and 8,002 deaths.

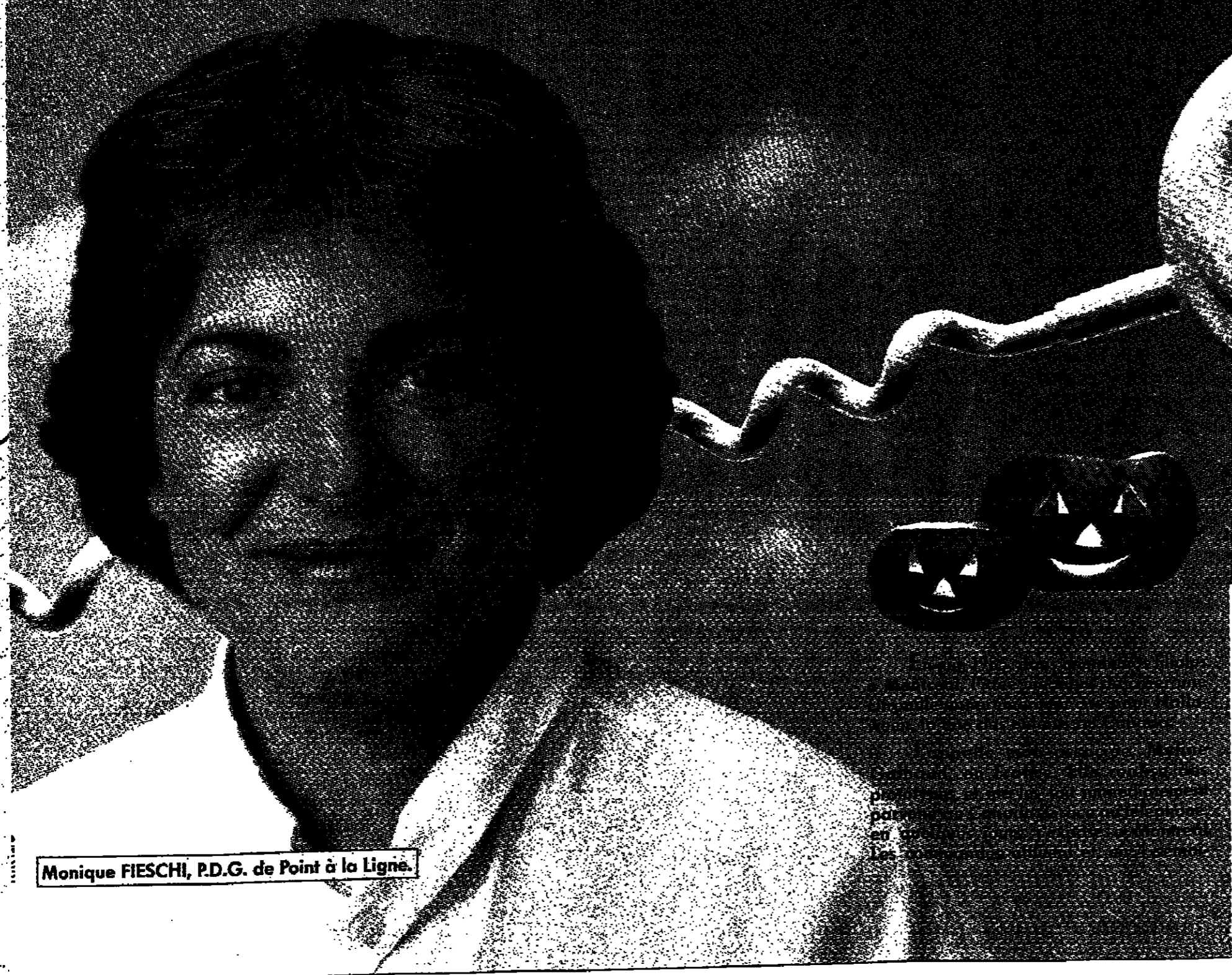
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# INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

## Eastern Responsibilities

George Shultz's wrath in Belgrade expressed America's frustration with terrorism. He was justifiably angry when his Yugoslav hosts offered a mealy excuse for failing to hold the presumed plotter of the Achille Lauro hijacking. Traveling through Eastern Europe, Mr. Shultz was also right to hold Romania accountable for the mistreatment of its people, notably a noncommunist Christian minority. Realism compels America to deal sympathetically with Europeans under Soviet domination, but distinctions are important. This was underscored by Mr. Shultz's stopover in Hungary, which defers to Moscow on foreign affairs but allows a fair degree of freedom at home. In his careful praise of Hungary's Communist leader, János Kádár, the secretary of state showed an appreciation of his deft struggle for wiggle room in the Soviet bloc.

Yugoslavia claims nonalignment and has long survived outside the Kremlin's embrace. There is no Russian-made excuse for giving craven haven to Palestinian terrorism. Mr. Shultz's table-thumping was in order when Yugoslavia's foreign minister cleared the PLO of responsibility for the seizure of the Italian ship and urged that in any case "when speaking of terrorism, one must also view the causes that lead to it." As Mr. Shultz angrily replied, hijacking of ships and planes, and murder and torture of their passengers "is not justified by

any cause that I know of." So also says the United Nations. Tardily but unanimously, it now condemns all acts of hostage-taking and calls on every nation to punish perpetrators.

Nor can Romania evade responsibility for its repressions. President Ceausescu's nepotistic tyranny is indigenous, and so harsh that you need a police permit to own a typewriter. Romania persecutes tiny Christian sects so ferociously that it jeopardizes the most-favored trading rights that Congress approved in 1975. By saying as much, Mr. Shultz was putting human rights before Romania's value as an anti-Soviet irritant — an uncommon priority in the Reagan administration.

Romania condemned the 1968 invasion of Czechoslovakia, refused to join the Soviet bloc in severing ties with Israel and defied a Soviet boycott of the Los Angeles Olympics. Under U.S. pressure it has allowed many Jews to emigrate. But its independent maneuvers are not favors to the United States; they represent cold calculation of national interests.

Mr. Shultz's sharp words signal a mature turn in American policy in Eastern Europe. The policy of looking only for gradual cracks in the Soviet dominion is reaffirmed. But it is augmented by a firmer demand that each Communist nation bear responsibility for actions that are clearly its own.

—THE NEW YORK TIMES.

## How Much Inflation?

Inflation blipped up in the United States in November, the government's statisticians say. It isn't very serious so far. The blip was not a large one. But it draws attention to the narrow choices available to the people who make American economic policy — which currently means the Federal Reserve Board — as the exchange rate of the dollar falls.

When the dollar falls, imports cost more — and not only imports. Foreign competition holds down the prices of a lot of domestic products; automobiles are a prominent example. When prices of imports rise, that allows American producers to raise their own prices as well. For some time the country has had, in terms of inflation, a split-level economy. Inflation has been low among all the things that are traded internationally — food, clothing, cars and fuel being the most important. But among those things not affected by foreign trade, the inflation rate has been startlingly high.

Prices of houses have risen nearly 6 percent during the past year, and rent has been going up even faster. Medical care is up 6.6 percent. College and school tuition are up 8 percent. The average for all consumer prices rose only 3.6 percent in the year ending in November, but cheap imports have been holding that average down. As imports become less cheap, the inflation rate is going to rise.

That leads to an interesting political question: How much inflation is the country prepared to tolerate to keep unemployment from

rising further? Not much more, by all the present indications. The question will ultimately have to be answered by the Federal Reserve. To control the economy the government has two principal levers, federal spending and interest rates. Spending levels are now going to be determined automatically by the Gramm-Rudman-Hollings legislation. That leaves interest rates, which are the Federal Reserve's responsibility. The Gramm-Rudman-Hollings requirements, enforcing declining deficits, will slow the economy down unless they are offset by falling interest rates. The Federal Reserve evidently feels that it can keep nudging interest lower as long as the inflation rate remains low and stable, as it had done this year. But if the rise in consumer prices goes over 5 percent a year, the yellow lights are going to be flashing. Under those circumstances the Fed might well decide that it could not let interest rates decline any further.

A lower exchange rate is crucial, to push America's trade toward balance and end the present dangerous accumulation of foreign debts. But the sinking dollar has important consequences for the economy at home. It is probably still possible to get through the coming year with moderate but continuing expansion of the economy and no significant change in unemployment. But it will take steady nerves at the Federal Reserve, as well as the usual reason of good luck.

—THE WASHINGTON POST.

## Fast Food, Slow Facts

Fast food outlets, a \$47-billion industry, supply a large part of the American diet, yet their consumers have little idea of the ingredients mixed into their burgers, fries and shakes. If they did know, the result might well be a healthy change in eating habits.

A recent study by the Center for Science in the Public Interest reported that eight of the largest fast food chains cook french fries and other foods in beef tallow, which is high in the saturated fats believed to be a leading cause of heart disease. Patrons who order a chicken sandwich to avoid cholesterol may instead get fat and cholesterol equal to 11 pairs of butter. Fast food patrons are also exposed to artificial preservatives and to suspect food colorings. Small wonder that the major fast food chains prefer not to disclose their recipes.

The center has petitioned the Food and

Drug Administration to apply the federal ingredient label law to fast food chains. Their legal argument is that fast food outlets are less like conventional restaurants and more like retailers of standardized products, "packaged" because they are sold in wrappers.

The industry recognizes health concerns; witness the recent proliferation of salad bars. Yet it resists disclosure. The National Restaurant Association contends that listing the ingredients on fast food wrappers or menus would cause "undue anxiety" among patrons; it suggests that people with food allergies or other dietary concerns write to the food companies to obtain specific information. If forced to disclose, outlets surely would start competing on the basis of content as well as taste. Fast food need not hide behind slow facts.

—THE NEW YORK TIMES.

## Other Opinion

### A Vicious South African Circle

The dilemma of the South African authorities as they contemplate the spirited resistance of a woman they regard as a revolutionary terrorist is exquisite, even though the consequences for her are nothing of the sort. If they leave her alone, as they did until the weekend, Winnie Mandela seizes every chance to preach the demolition of apartheid; if they lock her up, her hard-earned status as an African heroine is automatically enhanced.

White oppression leads to black revolt to which the only answer is more oppression. Just as the blacks have shown they can maintain resistance indefinitely, so the whites set out to show they can contain it. The rope element in the equation is the serious effect of the unrest on the economy, which may yet prove unworkable under apartheid. The arrest of Winnie Mandela is exactly the kind of encouragement protesters at home and abroad need to sustain their campaign for more sanctions.

—The Guardian (London).

## FROM OUR DEC. 24 PAGES, 75 AND 50 YEARS AGO

**1910: Carnegie Endows a Peace Fund**  
NEW YORK — The New York Tribune says: "Andrew Carnegie's gift [of \$10 million] for the promotion of peace will provoke more admiration and gratitude than surprise. The magnitude of his public benefactions long ago exhausted the world's sense of wonder at anything of the sort which he might do. The passionate devotion to irenic propaganda which he has displayed gave a strong color of likelihood to the rumors which arose some days ago concerning precisely the thing which occurred [on Dec. 14]. Nevertheless, 'age cannot wither nor custom stale' the magnitude and variety of the uses to which Mr. Carnegie puts the fortune which his industry, enterprise and shrewdness have amassed, and each new gift of millions rekindles the sentiments of appreciation which the first aroused."

**1935: Why Not Christmas All Year?**  
PARIS — The popcorn merchant stood in his booth in the Boulevard des Italiens, his radiant face lit by an artificial gas lamp, and shouted his wares to the passing Christmas crowds. In the booth to his right, a gentleman with a gilt tongue was selling an oyster opener. The gentleman in the next shanty was selling a straight razor that never wore out. The Christmas crowd surged on. The salt-water taffy man was admired for the ease with which he wound figure eights with his candy. His white apron and white hat set off a huge, carrot-like face. The big department stores with their displays were jammed inside and out. Children tried to size up everything in one sweeping glance and gave up. Maybe some of them wondered why Christmas could not be divided up and spread over the whole year.

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# The World Owes Cambodia a Settlement

By Charles William Maynes

WASHINGTON — Last year's Christmas gift to the Cambodian people was a Vietnamese offensive launched on Dec. 25 against four rebel camps inside Cambodia. More than 120,000 armed rebels and civilians were driven into Thailand to further swell the refugee population, now more than 250,000, and tens of thousands of Vietnamese troops were deployed along the border to prevent any return.

This Christmas an international effort should be made to bring peace to a people who have suffered more in recent years than any on the face of the Earth. Chances of success are not great. Too many powers with diverging interests continue to play a role in Cambodia. But because of changes during the past year there may be an opportunity that should not be lightly discarded.

Seasoned Cambodia watchers report that Vietnam now feels more confident about its position inside Cambodia than at any time since the original invasion in 1978. Although opposition to the Vietnamese occupation remains as strong as the United Nations, as ever, the Vietnamese are succeeding in establishing a structure inside Cambodia that is steadily assuming the functions of government. Cambodian troops have taken over security functions from the Vietnamese at key bridges and at banks. Progress has been made in delivering health and education services to the people. The regime, which receives passive support, has given the people the most benign government, despite highly repressive features, that they have had since the first days of the Lon Nol government in the early 1970s.

Externally the security situation has also improved. China failed to respond to last year's Vietnamese offensive, saying that its economic modernization program was more important than teaching Vietnam a "second lesson." The Cambodian resistance movement is now in political disarray; squabbling among the non-Communist leaders prevents an effective counterstroke. In August the Vietnamese felt sufficiently secure to announce, finally, a date of withdrawal (1990), with an offer to withdraw earlier if a political settlement can be reached that involves the elimination of the "Pol Pot clique."

Yes, despite developments favorable to Vietnam, Hanoi may be willing to make some significant compromises to get a political settlement. The Pol Pot forces inside Thailand number 30,000 to 40,000 and the border is hard to secure. Communist officials in the area acknowledge privately that even though the horrible record of the Khmer Rouge in power represents a powerful source of support to the Vietnamese-backed authorities in Phnom Penh, Pol Pot's appeal to Cambodian nationalism continues to draw recruits to the struggle against Vietnamese occupation. Western aid workers in Cambodia confirm that the people remain very suspicious of the Vietnamese and that even the authorities, seen in the West as more puppet of Hanoi, suspect Hanoi's intentions. Another advantage for Hanoi of a political settlement would be an end to Chinese pressure on Vietnam from the north, and a renewal of economic ties with the United States and other Western countries.

What stands in the way of progress? There appear to be three main factors: traditional Vietnamese-Thai struggles for dominance in Cambodia, and the failure by China to play a positive role, and by America to play an active role.

Thai and Vietnamese armies have been invading Cambodia for centuries. A Vietnamese emperor compared Cambodia to a child with a Vietnamese mother and a Thai father. About the same time a Thai king wrote: "The Cambodians always fight among themselves in the matter of succession. The losers in these fights go off to ask for help from a neighboring state; the winner must then ask for forces from the other."

In early December a Washington-based think tank, the Center for International Policy, organized a meeting in Beijing, China, that brought together for the first time in five years senior Vietnamese and Thai officials to discuss the Cambodian issue. It was clear from those ex-

changes that this ancient struggle for influence in the buffer state continues.

The Thais are determined to gain a government in Cambodia more independent from Vietnam than the results of the Vietnam War left in Laos. They also need a solution that will persuade the 250,000 Cambodians, including Pol Pot's fighters, to go home.

The Vietnamese are determined to preserve a government closely aligned with Hanoi. They have established a sort of Ho Chi Minh doctrine, under which they will use military force to prevent the arrival in power of any government in Phnom Penh hostile to Vietnam. In their mind the centuries-old struggle is over: Cambodia now belongs forever in Vietnam's orbit.

China and the United States are the keys to any movement away from the current stalemate. For Thailand cannot act without the agreement of China, which, if aroused, could reopen channels of support for the Thai Communist Party, always oriented toward Beijing. And the United States is critical to a more constructive role in Indochina by the Soviet Union, which in turn might influence Vietnam toward compromise.

At the meeting in Italy, Soviet representatives gave the impression of flexibility. They suggested that in a political settlement the new Cambodia could have more than one political party. They indicated that talks among the Cambodians might take place under new constitutional auspices. And they put forward the idea of a freeze in the military position of both superpowers in Southeast Asia. According to Soviet press, movement on the Cambodian issue could assist the overall relationship between Moscow and Washington because it would represent a success for those favoring a relaxation in tensions.

What should be done at this point? The United States, for one, needs to take a more active role in the area. Some years ago a senior State Department official described the U.S. position this way: "We follow the ASEAN states politically; we follow China militarily; and we then turn to the Congress to pay for the refugees from Cambodia that end up in Thailand."

Washington should seize the current opportunity to explore with China and the Soviet Union the prospects for a compromise solution that would meet Vietnamese security concerns, allow enough participation of the resistance in a future Cambodian government to encourage the refugees in Thailand to go home, and reassure Thailand about its future security.

One major problem is obviously the future of Pol Pot and his movement. Cabinet officials in Phnom Penh have suggested that only a handful of officials in the Khmer Rouge would be barred from returning to Cambodia. Soviet officials at a meeting in Italy talked of hundreds who would have to be purged. Obviously, the issue of justice aside, a massive purge of the Khmer Rouge would pose an insurmountable obstacle to a final settlement. It is as if the allied armies in 1945 had been unable to destroy the Nazi war machine and the only way to stop the fighting was through negotiations. Pol Pot and the leaders most responsible for the massacres by the Khmer Rouge must be barred from further participation in Cambodia's politics. But the bulk of the Khmer Rouge must unfortunately be part of the final agreement or there will be no agreement.

A settlement scenario seems fanciful. But the world, which has done so much to harm Cambodia, owes that small country a maximum effort to seize the current moment and end the bloodshed once and for all. Washington should not allow its understandable desire to avoid taking on one more insurmountable problem to prevent it from making that effort this coming year.

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## Notes: Cambodia Wasn't Invited

By Rosalie Porter

BELLARIO, Italy — In the

second week of my stay at Bellario as a scholar in residence, I am surprised to find myself in the middle of an international conference on Cambodia. We are all housed together in the Villa Serbelloni, a retreat supported by the Rockefeller Foundation. The setting could not be more beautiful — overlooking Lake Como and Lake Lecco, surrounded by the snow-capped Alpine peaks. Nor could the accommodations be more conducive to intellectual stimulation — comfortable rooms, excellent meals, convivial and interesting company.

The agenda of the conference in our midst has denied my attention from my work reviewing studies on the effectiveness of bilingual education. Cambodia has not been invited. China refused to attend at the last minute. There is not one woman in this gathering, in any capacity. There are representatives of the foreign ministries of most of the ASEAN countries, and from Laos, Vietnam, India, Japan, France, Canada, Australia and the Soviet Union. There are American academics and political journalists.

A Japanese gentleman offers a football metaphor. Vietnam and ASEAN are on the field, willing to play. The coaches (U.S. and Soviet) are not coaching their teams. Spectators (other nations in the region) urge the teams to get on with it. Someone quips that Japan is up in the stands selling popcorn.

The Russians say they are moving toward a normalization of relations with China but it will not be at the expense of their friends. A high Vietnamese official says that he considers China not to be a socialist country. Representatives of the ASEAN group seem to be fairly in agreement that the United States must get over its "post-Vietnam syndrome" and start taking an active role.

There are sharp exchanges between Americans and the Russians and Vietnamese about Soviet bases in Vietnam. An Australian presents a moderate view of Vietnam as a nation mostly concerned with expanding its trade. The conference is not being recorded so there will be no official transcript. People are probably more candid than they would be at an official negotiating session. There are humorous exchanges. The tone is civil, even friendly.

I am struck by the absence of

Cambodians. No one dwells on the effect of the war in human terms and what it will mean in lives wasted if it goes on for one, two, five more years. This reserve seems to be a requirement of sensitive diplomacy.

The incongruity of it all strikes me in the middle of an afternoon session. We are sitting in a beautifully proportioned room with tall French windows framing the usual mountain view plus lake; one wall has a magnificent marble fireplace; giant tapestries depict country scenes. Twenty-seven men sit around the long table, some yawning, some chatting, some dozing. (The Vietnamese always sit apart, backs to the wall.) The Russians drone on about their desire for friendship with all Southeast Asian peoples.

The stated objective of the conference is "to encourage dialogue among the participants and deepen their understanding of the different viewpoints in the conflict." One hopes it will make a difference.

The writer, a member of the U.S. National Council on Bilingual Education, observed the Bellario conference this month and contributed these notes to the International Herald Tribune.

## Matthew Seems to Have Had a Worldly Ax to Grind

By Edwin M. Yoder Jr.

WASHINGTON — If you are interested in the earliest ideas about Christmas, you must sooner or later cope with the Gospel according to Matthew. And that is a challenge.

Luke's, the other version of the Christmas story, is poetic in substance and urbane in the telling. It features angel choirs, astonished shepherds and country landscapes illuminated by heavenly light. The tone is universal. Matthew's version, although possibly older, suffers by comparison. It is parochial, prosaic and businesslike, the tone set by a stringing set of genealogical lists. It is as if Matthew had been, among other things, the Debreit of his day.

The centerpiece of Matthew's birth narrative, moreover, is royal political intrigue. No sooner do the Magi make their appearance, following the star to Bethlehem, than they — and the story — become involved with the Jewish king Herod. Elsewhere Herod is depicted as a civilized young man, educated at the Roman court. Here he is a bloodthirsty baby-killer, alarmed that an obscure peasant child may supplant him.

His bloodlust is responsible for the otherwise inexplicable flight of the Holy Family to Egypt. The story of that refuge in Egypt is otherwise unknown. Like so many of the stories

Matthew tells, it may be designed only to give the birth story more roots and suggest the fulfillment of obscure Old Testament prophecy.

Matthew, in short, is among the earliest known storytellers whose narrative sense is often strained by polemical purpose. Does he have a hidden agenda? His ultimate purpose, in addition to proclaiming good news, seems to be to accentuate the tragic rupture between Jewish history and the Christian departure from it, and to brand one side as willfully

resistant to the light. There are signs that he had an especially bitter quarrel with the Jewish orthodoxy of his day, a quarrel that goes beyond the dispute over messianism.

Even an amateur reader can get the drift of his special pleading: a constant effort to demonstrate close connections between the ministry of Jesus and Old Testament prophecy.

The aim is apparently to suggest the errancy of other interpretations. Moreover, Matthew's Lord is uncharacteristically biting and acerbic in his retorts to the spokesmen of orthodoxy, in a manner quite unparalleled in the other Gospels.

This stark antithesis between the two great traditions, Hebrew and Christian, is unappealing today — an element that Matthew imposed on the material he drew from Mark. Matthew lacks the subtlety and clarity — and clarity — with which Paul would go so far as to identify this gospel as the significant historical source of modern anti-Semitism. That, considering its many sublime and universal teachings, may be a bit unfair. But Matthew ultimately even goes to great lengths to minimize the legal responsibility of the Roman authorities in the execution of Jesus, although they were, after all, in charge.

Perhaps none of this matters much now. Christmas is overwhelmingly commercial, even pagan; it leaves little time for the contemplation of origins. Maybe it was rarely much else.

In any case, Matthew's claim to priority among the four Evangelists has been in question for more than a century. It was first authoritatively doubted 150 years ago, in 1835. In most arrangements Matthew still is first by convention, but it is now widely accepted that Mark came first and Matthew borrowed from him.

The traditional identification of the Gospel writer with the tax collector and apostle Matthew is no longer tenable. Had Matthew the Evangelist been a contemporary observer, his changes in Mark's account would look more like editing than error.

The thrust of the present age has increasingly been for the recovery of apostolic purity of belief and custom, unalloyed by special pleading. For all Matthew's majestic touches (he is the source of the Sermon on the Mount), his approach is unsympathetic. Unlike Luke, he unwarily ensnared his proclamation of "peace on Earth among men of good will" with messianic politics and sectarianism.

Washington Post Writers Group.

## Wise Men Don't Discourage Young Dreams

By Naomi Bliven

NEW YORK — Our Christmas celebrations have been quieter in recent years, and I find that most of my friends are planning less frenzied holidays. Our choice of tranquility is undoubtedly the effect of age, for holidays reflect each individual's place in Shakespeare's famous seven ages of man, from infancy to dotage.

To be sure, there are variations of custom and climate, but although my childhood Christmases brought sleds and ice skates, I am certain that children whose Christmases brought surfboards and snorkels share my mixture of anticipation, awe, excitement and (it must be confessed) greed.

I remember, too, the Christmases of my college years, embedded in a blur of dances and parties and excursions, a gaiety only slightly overcast by research papers assigned as vacation tasks, perhaps in memory of Scrooge. Recalling the energy of one's youth is astonishing when one also remembers that all that was exhaustion was thought of as pleasure.

This past year, I came across some of my old college notebooks, and looking into them reminded me of the expectations I had cherished for the world in those years: the spread and

perfection of parliamentary democracy and the increasing enrichment of American culture. Considering that what we have at the end of 1985 is terrorism and rock music, those hopes appear more extravagant than any fantasy I cherished about an implausibly lavish Christmas present.

At the approach of Christmas 1985, the world perplexes me, and I must admit I have been asking myself whether I have the right to be disappointed if my hopes were — and are, for I still long for those things — naive. Nonetheless I found myself, last June, disagreeing with a companion. I argued that we who are older had a duty to encourage the young and not to dissipate their generous visions even if we thought them unrealistic. He felt it was our duty to share the wisdom or sophistication of disappointment even at the risk of tainting young people's dreams.

Is discouragement wiser or more sophisticated than hope? Asking that question, I suppose, is a way of asking if Christmas is real, for Christmas is about hope. This fall a pair of

experiences inclined me to trust the genuineness of Christmas.

On the weekend after hurricane Gloria I drove the length of New York's Long Island and saw, coming and going, 240 miles of blasted trees whose noble forms, twisted and distorted, lay along and in some cases across the roads, looking like the wreckage of civilization itself in the aftermath of barbarian invasion. The following week, though, I went up to the mountains to write an article about an arboretum and wandered around a field and a nursery where saplings and seedlings were being prepared for the winter. These young plants looked tentative, and they faced a testing season, but past experience suggested they would survive.

If one week I observed the tragic grandeur of endings, the following week I saw the beguiling beauty of beginnings. This week, my memory of those seedlings, which by now are buried in snow, tells me that it is wise to hope and by no means naive to celebrate Christmas.

Naomi Bliven is a staff writer for The New Yorker. She contributed this column to The New York Times.

# Superman Is a Closet Pragmatist

By Philip Geyelin

WASHINGTON — "The problem is that we've got a president that campaigns like Superman and lobbies like Clark Kent."

I wish I had said that or could tell you who did (an unidentified congressional aide quoted in The New York Times). But never mind, it's the metaphor that matters. Taken in a general way (for "campaigns" read "looks" and for "lobbies" read "persuades") it serves wonderfully well. It explains not just the president's handling of the tax-reform crisis in the

The show may not last, but you have to marvel.

House but also the particular nature of the Reagan presidency during most of the last five years.

What we see is Superman jumping over the heads of Congress to the American people — soaring up, in the public approval ratings measured by the polls. Look at him up there promising a balanced budget, an astronomical defense, an astro-dome against nuclear war, freedom for freedom fighters and all other good things befitting Superman.

But what we get is Clark Kent. When push comes to shove, at home or abroad, we get this decent, earnest fellow fumbling in his grasp of the essentials of his Strategic Defense Initiative, or of arms control, or of other important foreign policies; unable to maintain order in his own administration; embattled against congressional encroachments on his presidential power and prerogatives.

It was Ronald Reagan as Clark Kent who had to go hat-in-hand at the last minute to a caucus of his own party on Capitol Hill in search of Republican support for an essentially Democratic version of one of the big domestic orders of business in his second term. Extraordinary exertions were required to rescue from the hands of his own party a program for which he had stamped the nation for much of this year while reaching new heights in public approval polls. It is this disconnection between popularity and effectiveness that makes the tax-reform voting a commentary on the Reagan phenomenon.

Try to imagine another president in recent times who could stand so high in the ratings with only the battle of Grenada to prove his mettle as a relentless resistor of Communist expansion. Think of one who could stand tall while walking away from Lebanon after vowing to stay for as long as it took to safeguard Middle East peace and global security; who could promise "swift retribution" against terrorists, and do nothing.

Granting the early successes in revising spending priorities, diminishing government activity and launching a popular military buildup, you are still left with a record of few presidents could turn into a swing re-election triumph and top poll ratings. By way of examples, we have the botches of the mining of Nicaraguan harbors, or the ceremonies at Bitburg, or the European gas pipeline.

President Reagan's Middle East peace initiative goes nowhere. His celebrated "star wars" initiative confounds policy-making on arms control. No better than half a loaf from Congress has been the rule on aiding Nicaragua "contras" and on the MX missile. He has caught himself up in the fiscal winding sheet of Gramm-Rudman's deficit controls.

And then came the tax-reform travails to compound the puzzlement of even his own party stalwarts. "It's odd," says Senator Charles Grassley of Iowa, who thinks the president is too popular to be in a "lame-duck position." Like other Republicans, he blames White House attitudes. "When they wanted us, they called. When we wanted them, they were generally too busy." He has a point. Arch-conservative ideologues, with whom this administration is richly endowed, are not good listeners and are not inclined to wheel and deal.

But I like the Superman/Clark Kent explanation the best. Superman is for hard-core conservative spectators, the real Reagan is Clark Kent, a closet pragmatist.

The act may not work indefinitely. As time runs out on the second term, Clark Kent may become less and less able to work the magic of Superman. But whatever you may think of the results, when you look at the record you have to marvel at the way he has been able to work it for so long.

Washington Post Writers Group.

## LETTERS TO THE EDITOR

### Publicity for Terrorists

An article at the top of your Dec. 14 front page under the headline "Air Crash Clues Are Examined," concerning the crash of an airliner in Newfoundland in which 248 American soldiers and eight crew members were killed, reported that an anonymous caller to a news agency in Beirut claimed that his group — whose name you provide — set a bomb causing the crash. I hope you have received a letter of thanks from the extremist group in question. With a more telephone call it has once again obtained international publicity.

Some of our political leaders are trying to take a hard-line stance against terrorism, which means assuming the tremendous responsibility of seeing loss of innocent lives as

they seek to teach terrorist groups that atrocities will not achieve those groups' ends — which include publicity for themselves or their causes. You should change your policy and take the lead in withholding the names of the perpetrators, real or purported, of all terrorist acts.

GUY PARKER,  
Bad Reichenhain, West Germany.

### A Write-Up for Thieves

After traveling for five weeks through Asian countries in which the theft of art objects and the mutilation of historical monuments are problems of the highest magnitude, I was saddened to read the report you published about art thefts ("Art's Enduring Attraction for Thieves," Nov. 4). The tone of breathless excitement used by the writer to recount important thefts of art from museums and private collections was unconscionable. The subtitle, "Stealing a Masterpiece Can Bring Wealth, or Attention for a Cause," was repugnant.

MARTIN LERNER,  
Curator of Indian and Southeast Asian Art, The Metropolitan Museum of Art, New York.

Letters intended for publication should be addressed "Letters to the Editor" and must contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

ARTS / LEISURE

# Reviving Klezmer: A Pulsating Mixture

By Michael Zwercin  
International Herald Tribune

ARIS — Klezmer is both the Yiddish name for a type of music and for a musician who plays it. It refers to a 400-year-old Eastern European tradition that immigrants took to America, where it came to resemble a mixture of Dixieland, Gypsy rhapsodies, plaintive *omnis deus* and a soundtrack for a Betty Boop cartoon. It reached its peak in the 1920s.

The Klezmerim — for the plural klezmer — are six young musicians from Berkeley, California, who are reviving it. Their third album, "Metropolis," was nominated for a Grammy award in 1981. They led Carnegie Hall twice in one night in 1983. They have just released their fourth album, "Klezmerim," which they were promoting in Europe.

The founder and saxophonist, Liberman: "In the early '70s, I began to realize that much of the music I liked — Gershwin, Kurt Ell and Prokofiev, for example — had a common denominator. I did not quite put my finger on it. It was a sort of missing link. Musicologists told me about a Yiddish form of improvised instrumental music that had flourished around the turn of the century in Odessa. It was a kind of the New Orleans Klezmer."

The trombonist, Kevin Linscott: "There were almost no references in history books. The tradition had been passed down by ear by traveling musicians who could not read music."

The percussionist, Ken Bergmann: "There were klezmer bands in Toronto, Mexico City and New York as well as Eastern Europe. When the Nazis came to power, immigration slowed down, there

was the depression, and jazz finished it off."

Linscott: "As the immigrants began to be assimilated, all the hot players were into jazz. People like Benny Goodman and Ziggy Elman started off as klezmers, and you can hear some hip klezmer quotes in Artie Shaw's 'Dr. Livingston I Presume.' The spirit is very similar to New Orleans jazz. They are both dance music played in the street with collective improvising on basic themes over a free-wheeling rhythmic backdrop."

Bergmann: "Do you know the Dirty Dozen Brass Band? These eight young black guys are reviving New Orleans parade bands. They're kind of like us."

The Klezmerim are bright and cheerful disciples converted from other disciplines who make a full-time living following their third love. Not all are Jewish, though the three quoted here connected the subject with collective messianic fervor. "In the beginning was the sax," said Liberman, laughing, "and man blew it. And it was good."

"After a lot of false starts and misleading information," he continued, "I stumbled upon a box of old 78 rpm records in a museum. There were no directions how to play this music. It was considered low-class, proletarian, historians gave it scant reference. A guy named Joseph Cherniavsky, he was a sort of klezmer Paul Whiteman, had a big band with musicians who could read and play classical music as well. We met his son, who told us that Cherniavsky knew both Ellington and Prokofiev and that he had supplied them with some traditional klezmer themes. We up-dated the old repertoire with tunes like Ellington's 'The Mooche' and 'Song of the Modina' by Sidney Bechet."



The Klezmerim: A 400-year-old tradition and Betty Boop.

Linscott: "A few old guys went on performing after the '30s, but not part of an ensemble. It was all mixed up with cocktail piano and society dance music. Imagine Bix Beiderbecke playing with Lawrence Welk."

Liberman: "The guy we like most was named Nafale Brandwine, who came to New York from Galicia in Poland in 1913. He was featured clarinetist with many klezmer ensembles and recorded under his own and assumed names. He was a brilliant improviser and songwriter. You could call him the Charlie Parker of klezmer — a ge-

nius, a heavy drinker, off in his own world. He was still being trotted out in the '50s, like Bunk Johnson around the same time, backed by guys working their way through college. Time had passed him by. It was pitiful."

Linscott: "Some of those kids who played with him — they are middle-aged now — told us Brandwine was always yelling at them. The chords do not change when you expect them to and there are strict melodic and ornamental rules. It's much more complex than you'd imagine. We've each spent thousands of hours listening to ev-

ery record we could get our hands on to figure out how the ensembles worked."

Liberman: "In the early days the recording companies would release the same record under three or four different names. They viewed European cultures as interchangeable. By changing the labels they could sell the records to more than one ethnic group."

Linscott: "We know for a fact that there were Irish, Polish, Greek and Italian klezmer players. And to get a gig or be 'fashionable,' klezmer bands played with and sometimes represented themselves as Gypsies. They had a lot in common — both were minorities who performed music for everyone else."

Liberman: "Our performances have an important visual aspect. It's based on old Betty Boop cartoons. There was a lot of surrealistic humor in those things. We concocted bizarre, often satirical, tales which we express with poetry, movement and costumes. Betty Boop cartoons used klezmer quotations, undoubtedly played by klezmer musicians who had gone into the studios. The images were in fact built around the music. Everything would be vibrating in time to the music — people, animals, walls, streets, cars, trees, fire hydrants. That's how this music can be visualized — everything pulsating."

# Pollack's Elaborate 'Out of Africa': Perfect for the National Geographic

By Vincent Canby  
New York Times Service

FROM 1913 to 1931, Karen Blixen, the Danish writer who was later to publish under the name of Isak Dinesen, ran a large coffee plantation in what is now Kenya. She had come to Africa to marry the Swedish-born Baron Bror Blixen, her cousin as well as the twin brother of Hans Blixen, who had jilted her.

Bror and Karen were friends and occasional lovers, but he was an unashamed philanderer, something Karen seems to have accepted until

insensitive tourist. None of this might matter if her affair with the supposedly dashing Denys made any sense. The character, as written by Luedtke and played in a laid-back, contemporary American manner by Redford, is a total cipher, and a charmless one at that. There is far greater emotional rapport between Karen and Bror Blixen, beautifully played by Klaus Maria Brandauer.

With the exception of Streep's performance, the pleasures of "Out of Africa" are all peripheral — David Watkin's photography, the landscapes, the shots of animal life — and all of them would fit neatly into a National Geographic layout.

(Paul Attanasio of The Washington Post writes on "Out of Africa": For Meryl Streep, Blixen is just another exercise in pain and foreign accents in a period setting. Last year's country trilogy made The Strong Woman into a cliché. Streep can't escape, and, like the worst of those movies, "Out of Africa" is really an exercise in yuppie fantasy and liberal homiletics.)

## MOVIE MARQUEE

she contracted syphilis from him. They separated, and Karen developed what seems to have been the most profound emotional attachment of her life with Denys Finch Hatton, a charming English aristocrat who led safaris, dabbled in various business deals and, from time to time, visited Karen on her farm, usually arriving unannounced and staying only as long as it suited him.

This affair provides the elusive heart of Sydney Pollack's "Out of Africa," a big, physically elaborate but wispy movie. The screenplay by Kurt Luedtke draws on Dinesen's superlative memoir, "Out of Africa," and some of her other writings, as well as Judith Thurman's biography, "Isak Dinesen: The Life of a Storyteller," and Errol Trzaskinski's biography of Finch Hatton, "Silence Will Speak."

In Meryl Streep, the film has a Karen Blixen of such intelligence, intensity and obsessiveness that you can believe she would one day be able to write the cool, dark, bewitching prose for which she became known. You can also believe she would be most difficult to live with. Accompanied by family china, crystal and silverware, she sweeps grandly into Africa as if entering a world created for her intellectual stimulation. She speaks of native servants as "my Kikuyus." The plantation is "my farm." The continent is "my Africa."

She eventually comes to understand, as Finch Hatton (Robert Redford) tells her, that "we're not owners here, Karen. We're just passing through." Yet there remains the suspicion throughout the film, as well as in her writings, that Africa exists only as she perceives it — an exotic landscape designed to test her soul.

The film's Karen is part Scarlett O'Hara fighting to save Tara, part

Capsule reviews of other films recently released in the United States:

Attanasio on "The Color Purple":

There are plenty of reasons to applaud this film, among them the opportunity it affords black actors, who generally are ignored in Hollywood, and the director Steven Spielberg, who has never attempted anything quite like it. But the actual movie is dull, maudlin and misconceived.

Based on the novel by Alice Walker, "The Color Purple" follows Celie, a black woman in sharecropping Georgia, as she grows from a girl (Debra Jackson) to a woman (Whoopi Goldberg), and from a kind of personal slavery to independence and self-respect. The man she calls Pa forces himself upon her when she's barely into adolescence, then sells the children she bears him into adoption; he gives her away to the bully she calls simply "Mister" (Danny Glover), who beats Celie, insults her and brings his mistress, the torch singer Shug Avery (Margaret Avery), under the same roof.

The novel doesn't immediately suggest itself for film adaptation; its structure is epistolary, consisting of letters from Celie to God, or between her and her sister. A great performer could have conveyed Celie's thoughts with an expression or

a gesture, since the role is mainly nonverbal, but Goldberg is no actress. She is but essentially a clown, with a clown's range of emotion. "The Color Purple" might still have been held together with a director's vision, but here Spielberg falls short. There's no intimacy, or sincerity, to the story.

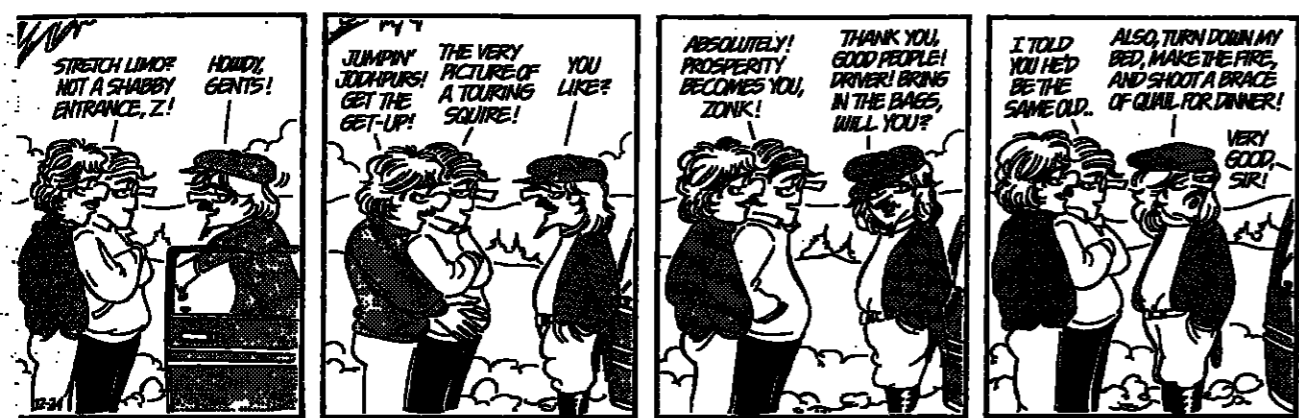
(But Janet Maslin of The New York Times writes: Spielberg has looked on the sunny side of Walker's novel, fashioning a grand, multi-bank entertainment that is as pretty and lavish as the book is plain. The film has a peculiar unevenness and way of combining wild extremes. Some parts are rapturous and stirring, others hugely improbable, and it moves unpredictably from one to another. From another director this might be a fatally confusing, but Spielberg's showmanship is still with him. Goldberg is limited at first, but eventually grows into a tremendously compelling figure.)

Maslin on "Enemy Mine": This season's "Dune" is "Enemy Mine," a costly, awful-looking science-fiction epic with one of the weirdest story lines ever. The director, Wolfgang Peterson, certainly had a better feel for "Das Boot" than for this. Louis Gossett Jr. has what is unquestionably one of the most thankless roles in movie history. Not only does he spend the entire film wrapped in scales, but he must die in childbirth. "Enemy Mine" maroons Davidge (Dennis Quaid), a human from Earth, and Jeriba Shigan (Gossett), a Drac from Dracon, on a far-off planet. They eventually develop trust, respect and even love. That notwithstanding, Davidge is not responsible for the small Draclet to which his friend gives birth; Jeriba Shigan, being a hermaphrodite, manages it all alone.

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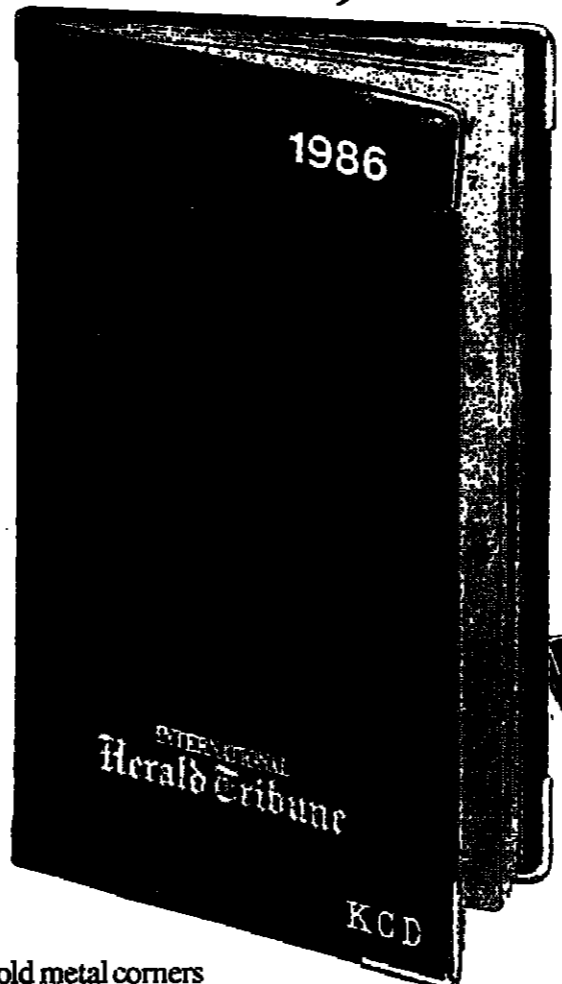
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*United Press International*

**NEW YORK** — Prices on the New York Stock Exchange fell in reduced volume Monday as investors took their profits after three months of steady gains.

The Dow Jones industrial average, which was down about 18 points in the early afternoon, finished with a loss of 2.22 at 1,528.78, the largest loss since Dec. 14, when the Dow also fell 14.22 points.

Most major market indicators fell. The New York Stock Exchange dropped 1.30 to 120.01. Standard & Poor's 500-stock index lost about 2.37 to 208.57. The price of an average share slipped 40 cents.

Declining issues outpaced advances more than 2 to 1. Volume amounted to 107.89 million shares, compared with 107.77 million Friday.

Analysts said the decline, although sharp, was a normal retreat after eight consecutive weeks of gains and an advance of nearly 250 points over a three-month period.

"The market was due for a pullback," said George Piironne of Dreyfus Corp. He said prices would move down for a few days but climb early next year. Mr. Piironne said losses from profit-taking could amount to another 20 or 30 points on the Dow.

Philip Roth, technical analyst at E.F. Hutton, said that about 10 points of the loss on the Dow Monday was caused by an absence of buying pressure after Friday's expiration of December stock-index futures and options. He said the rest of the loss occurred because some investors had expected the market to strengthen and sold.

But he said selling would dry up by midday Tuesday.

"The market is reacting to recent gains," he said. "It is still in good shape."

Thomas Ryan Jr. of Kidder Peabody said that after its move up of nearly 250 points, the market was vulnerable to some profit-taking. He said most investors who wanted to buy had done so already, easing buying pressure. Also, the market's focus has shifted to some of the negative aspects of the new U.S. tax bill.

The market was ebullient when the developments were just being discussed, but now people are looking at the drawbacks," Mr. Ryan said.

AT&T was the most active NYSE-listed issue, rising 1/4 to 34 1/2.

Pfizer followed, falling 2 1/2 to 50 1/4 after a story in Sunday's London Observer referred to deaths in Britain allegedly attributable to Pfizer's anti-arthritis drug, Feldene.

Commonwealth Edison was third, unchanged at 29 1/2.

Union Carbide fell 1 1/4 to 71 1/4. GAF Corp. was up 1/2 to 64 1/4.

Tenaco lost 1/4 to 30 1/4. Pennzoil rose 1/2 to 64 1/4.

Auto issues weakened. General Motors fell 2 1/4 to 71 1/4. Ford lost 2 1/4 to 55 1/4. Chrysler declined 1/2 to 54.


In the technology sector, IBM eased 1/4 to 154 1/4. Digital Equipment lost 1/2 to 130 1/4. Cray Research was down 1 1/2 to 61. Burroughs fell 1/2 to 62 1/4. Honeywell lost 1/4 to 76 1/4.

Most semiconductor issues retreated. Texas Instruments lost 1/4 to 104 1/4. Advanced Micro Devices fell 1/2 to 28 1/4 and National Semiconductor eased 1/4 to 12 1/4. Motorola edged up 1/4 to 37 1/4.

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(Continued on Page 10)

# Royal Oak Perpetuel Calendar



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## BUSINESS ROUNDUP

## S. Retailers Say Sales Urged Before Holiday

Isadore Barmah  
New York Times Service  
NEW YORK — Shoppers out in droves to fill stores in the United States in the week before Christmas, retailers said some called the biggest weekend of the year.

But shortly before the year-end shopping season, most retailers were uncertain whether sales for the holiday as a whole would exceed last year.

Through the weekend, retailers said sales were up over the comparable last year, while others said sales ranged from 4 percent down to 10 percent.

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retailers. In Baltimore, Angelo R. Arena, chairman of Hutzler Brothers department stores, with 10 stores in the area, said, "The snow slowed up things."

Mr. Arena said that Hutzler's daily sales pace so far this season had been "significantly ahead" of last year's holiday period. He added, however, that there was a possibility that overall revenues could fall to top those of last year because of the shorter season.

In Boston, Jordan Marsh Co., the largest department store chain in New England, with 18 stores, had what appeared to be its biggest day of the year on Saturday, Elliott J. Stone, chairman, said that it was typical for the first Saturday before Christmas to emerge as the year's biggest day. He said he believed that business was "big enough to surmount the hurdle of a short season."

Macy's Herald Square, New York's largest department store, on Saturday had "better sales results than the Saturday before last Christmas," reported a top management spokesman.

In Chicago, Morton Huff, president and chief executive officer of Wieboldt's, which has 13 department stores, said business was good the 10 days before the weekend and he was encouraged by Saturday and Sunday sales.

## Sanko Reorganization Seen Likely for Early '86

TOKYO — The reorganization of Sanko Steamship Co., which filed for protection from its creditors in mid-August, could begin early next year, Japan's transport minister, Tokuo Yamashita, said Monday.

Mr. Yamashita told reporters that there were still problems to be resolved, such as canceling foreign ships on charter to Sanko. But, he said, "A conclusion is likely to be made early next year."

## Hanson Extends SCM Offer

NEW YORK — Hanson Trust PLC said Monday that it had extended again the expiration date for its \$75-a-share cash offer for SCM Corp. until midnight Jan. 3. The offer was to have expired Monday.

## Oil Speculation Cited at Merx; Loss Expected

VIENNA — Dörmittel und Chemikalienhandels-gesellschaft mbH, or Merx, a unit of government-owned Chemie Linz AG, is likely to post a loss of 550 million schillings (\$81 million) in 1985 as a result of oil speculation in the last four weeks, a government minister said Monday.

Ferdinand Lacina, minister of transport and public economy, said the extent of the loss came to light over the weekend. He said that earlier this month, he had been assured that Merx's losses would be limited to about 80 million schillings, which would be covered from the profits of Chemie Linz.

Two of the top managers of Merx, Helmut Scheidl and Jürgen Pötsch, have been dismissed, reported Mr. Lacina, whose ministry is responsible for nationalized industries in Austria.

Mr. Lacina said Merx management had stepped up activity in the oil market despite orders from the government holding firm, Österreichische Industrieverwaltung AG, OIAG, to pull out of the oil trade.

Merx also had ignored the trade limits on individual oil transactions imposed by OIAG, he said.

## Turner Doubtful on Running MGM

By Nicholas D. Kristof  
New York Times Service  
LOS ANGELES — Turner Broadcasting System has suggested that its heavy borrowing to acquire MGM-UA Entertainment Co. could cripple its ability to run MGM as a major movie studio.

In a filing with the Securities and Exchange Commission in Washington on Friday, Turner Broadcasting said MGM's cash flow after the acquisition "would be insufficient to fund new motion picture production by MGM or debt service by Turner Broadcasting."

The filing also said MGM had "a substantial loss" for the quarter ended Nov. 30, 1985.

Turner Broadcasting's difficulties in swallowing MGM, in a \$1.5-billion takeover announced in August, have been known. The filing,

however, was the strongest statement yet of the challenges that Turner would face in trying to run MGM.

To raise money for the purchase, Turner has said that it was willing to sell any part of MGM except its film library. The film library was the primary reason for the acquisition because it would provide programming for Turner's superstation in Atlanta, WTBS-TV.

Turner said in the filing that if it did not sell MGM's production and distribution assets, it would run them itself. But it added, "Turner will remain in the motion picture business only if the cash flow generated from such business after the initial period is sufficient to fund future financing needs."

Because of the heavy debt assumed during the acquisition,

MGM would have to rely on financing from "third parties" rather than internal funds or bank loans, the filing said. This "could result in fewer pictures being produced each year, and may restrict MGM's ability to attract successful independent producers," the statement said.

"This just focuses on how leveraged it is, and how poorly the company is doing," said Dennis I. Forst, an entertainment analyst at Seidler Amdes Securities in Los Angeles.

"The pluses it has going for it are that Turner wants to buy it badly, and Kerkorian wants to sell it badly, and Drexel says it is confident of raising the money," Mr. Forst said.

Ted Turner, the chairman of Turner Broadcasting, has been the driving force behind the acquisition, while Kirk Kerkorian, the financier, has been eager to buy MGM and to buy back its United Artists subsidiary. Drexel Burnham Lambert Inc. has been trying to raise the money for the transaction.

MGM has been having a difficult time, and in the fiscal year ending Aug. 31 it lost \$115.8 million. In the final quarter of that period, it had a loss of \$49.5 million, partly because of a legal settlement.

Analysts said the acquisition of the stake heralded a possible takeover bid for the whole group. The acquisition gives P&O's chairman, Sir Jeffrey Sterling, a seat on the European Ferries board.

## P&amp;O Acquires an Indirect 10% Stake In Operator of Cross-Channel Ferries

Agence France-Presse  
LONDON — Peninsula & Oriental Steam Navigation Co., Britain's leading shipping line, said Monday that it had acquired a stake of about 10 percent in European Ferries Ltd. for £36 million (about \$50.4 million).

The interest was obtained indirectly by purchasing 50.01 percent of an investment company that holds 20.8 percent of European Ferries. The remaining 49.99 per-

cent is held by two directors of European Ferries.

European Ferries runs Townsend Thoresen cross-channel ferry services and has property, harbor and other assets. It had 1984 pretax profit of £44.7 million.

Analysts said the acquisition of the stake heralded a possible takeover bid for the whole group. The acquisition gives P&O's chairman, Sir Jeffrey Sterling, a seat on the European Ferries board.

## COMPANY NOTES

Adam Opel AG, a wholly owned subsidiary of General Motors Corp., said that European vehicle registrations rose 0.08 percent this year to an estimated record 1.21 million units from 1.12 million units in 1984.

American Express Bank Ltd. will take as much as a 40-percent equity stake in government-owned International Corporate Bank of the Philippines, an Interbank spokesman said.

Citibank Canada, wholly owned by Citicorp., will acquire Overseas Bank Canada, a subsidiary of Overseas Trust Bank of Hong Kong, effective in February, the bank said. Terms were not disclosed.

Comsteel Vickers Ltd.'s two major shareholders will accept an \$1-million-Australian-dollar (\$5.4 million) bid from Australian Na-

tional Industries Ltd., Comsteel directors said. Commonwealth Steel Co. and Vickers Australia Ltd. each own 38 percent of Comsteel.

Fiat SpA said its subsidiary, Fiat Allis Europe SpA, has signed a collaboration package with 14 October of Yugoslavia valued at 120 billion lire (\$69.88 million). Under the eight-year contract, 14 October will supply components and Fiat Allis will provide kits for the assembly of Fiat Allis bulldozers in Yugoslavia.

Fransstone SA, France's government-owned nuclear engineering company, has signed a memorandum of understanding with China's Guangdong Nuclear Power Joint Venture Co. for the construction of two nuclear reactors at Daya Bay near Hong Kong.

AB Leo's recent restricted share issue will be investigated by a gov-

ernment-appointed commission, according to a statement from Prime Minister Olof Palme's office. The issue, restricted to key executives and directors, was criticized by the Swedish Shareholders' Association.

Marriott Corp. and Swire Properties Ltd. said they have entered into an agreement to build a 600-room hotel in Hong Kong. Sources said estimated total value of the investment at 900 million Hong Kong dollars (\$115.4 million).

Pernod Ricard, the French beverage group, said it will pay an interim dividend of 14.25 French francs (\$1.85) for the year ending Dec. 31, an increase from last year's interim dividend of 13.50 francs.

Plessey Co. of London said its Plessey Telecommunications products subsidiary has won an order worth more than \$5 million for so-called "intelligent" payphones from Amnittel Communications Corp. of Florida.

## New Rescue Plan Offered To ITC, Banks, Brokers

Reuters  
LONDON — A new plan to rescue the International Tin Council has been proposed, one that would establish a company to buy up the cartel's metal stocks to hold prices steady, banking and ITC sources said Monday.

Peter Graham, senior deputy vice chairman of Standard Chartered Bank, said that he and Ralph Kestenbaum, joint managing director of Gerald Metals, had proposed the new rescue plan to banks, brokers and the 22 member countries of the ITC.

He said both men were acting in a personal capacity.

World tin trading was halted Oct. 24 when the council ran out of cash necessary to prop up tin prices. The London Metal Exchange, the world's largest tin trading forum, last Friday set a January deadline for resolution of the crisis.

Sources said that the proposed company would be owned by bankers and brokers and would have a risk capital of about £270 million (\$383 million). It would buy up the ITC tin stocks and slowly release them onto the market over the next three years, they said.

Under the plan, the sources said, ITC nations would be freed from their obligations to the council by

making contributions totaling about £200 million.

Previous ITC rescue plans have failed because most member nations have refused to back any refinancing loans.

## Club Med Leases Beijing Villas

The Associated Press  
BEIJING — Two villas at the government-run Imperial Summer Palace in Beijing will become a Club Méditerranée vacation resort in China, a government spokesman said Monday.

A palace spokesman, who identified himself only as Mr. Xu, said the lease with Club Méditerranée SA of Paris was signed Nov. 30 in Beijing.

The club will occupy two sites at the 692-acre (278-hectare) palace, built in 1888 by the Empress Dowager Tzu-hsi with money originally intended for the imperial navy. The leases, beginning in January 1986, include several dozen suites formerly used as palace guesthouses. Mr. Xu declined to discuss leasing costs.

## Manila Expects Economy To Contract Again in 1985

Agence France-Presse  
MANILA — Prime Minister Cesar Virata said Monday that the Philippine economy will contract for the second consecutive year in 1985, but added that an upturn is expected next year.

He also said that the government would next month seek another 90-day moratorium on maturing foreign-loan principal and would continue to do so until part of the country's \$25.5-billion foreign debt was restructured.

"This year, the country's performance is only slightly better than that of last year," said Mr. Virata, who also is the finance minister. He added that the economy is expected to shrink by "3.5 to 4 percent."

Growth of 1 percent to 1.5 percent should be recorded next year, he said.

The gross national product fell by 5.4 percent last year, the country's worst since World War II, with the advent of an economic crisis spawned by the August 1983 assassination of the opposition leader, Benigno S. Aquino Jr. GNP measures the total value of

a nation's goods and services, including income from foreign investments.

The government obtained a moratorium on payments of loan principal two months after the assassination and has been paying only interest since October 1983.

Mr. Virata said that the International Monetary Fund's executive board on Friday approved the government's economic restructuring program, enabling the nation to draw from the third installment of a \$610-million IMF loan.

He said release of the third tranche, worth \$210 million, will enable the country next month to draw from the second installment of a \$925-million loan from overseas commercial bank creditors. The installment is worth \$175 million.

The loans are part of a \$10-billion rescue package obtained by the Philippines earlier this year. The withdrawals also will mean continued restructuring of \$5.8 billion in obligations from official and commercial creditors.

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## Deutsche Bank: A Power in the German Economy

(Continued from Page 9)

visory board moved in the 1970s — when oil-producing ries were flush with cash — to prevent any single solder in the bank from holding more than 5 percent of the rights. The 5-percent ceiling limited under West German rate law.

visory boards of West German companies, typically comprising major shareholder representatives and an equal number of any officials, usually make mail call on management's corporate strategy, on dividends, on large acquisitions and, ultimately, on who is appointed to the managing

claim that we control company through our supervisory representation is just not Mr. Christians said in the ion interview. "The function visory boards is to provide and to oversee what man- ment decides."

used by its balance-sheet its anticipated operating of more than 4 billion DM ear, its scope of industrial gs and its commanding post- the domestic securities mar- rank/furt-based Deutsche eaves far behind its nearest competitors: Dresdner AG, Bayerische Vereinsbank and Commerzbank AG.

ned in 1870, Deutsche oused for decades on pro- port credits for German y. After World War II, the merged with new strengths d underwriting, an area in t continues to expand. It also rapidly moved.

the leadership of its now re- chairman, Hermann Josef expand its industrial hold-

ly, it is also the subject of on the international level. al as a major U.S. bank in urt said: "Deutsche is inter- ally well-respected, particu- its strengths in Germany, as a long way to go to match national network of a Cit- Bank of America."

Deutsche Bank is facing competition in international s. Analysts point out Deut- m's displacement by U.S. /ss banks from the com- position it held in the ear- s in the Eurobond lead- ment business.

With a 1-billion-DM capital this fall and a possible 1-DM profit on the Flick ion, Deutsche Bank will be ed to spread its interna- ase, after the establishment ment-banking operations on last year and Tokyo just th.

Deutsche Bank, moreover, like s German commercial us "hidden," or unreport- loan risks, can be put to ad profits or growth. It well-placed as a leading

creditor to the Soviet Union and Eastern Europe, where West German companies are expected to land major contracts under new five-year economic plans.

Investor confidence in Deutsche Bank's prospects has been reflected in the surge of the bank's share price on the Frankfurt exchange. Last week, the bank's shares went past the 900-DM level for the first time, culminating a sharp climb from the low of 374 DM in April. Deutsche Bank closed Monday at 914.5 DM, up 19.5 DM from Friday's close. Dresdner Bank was at 415 DM and Commerzbank at 333.50.

"Deutsche Bank has the good fortune to have a name that suggests a kind of broad national interest," said Hans C. Schröder-Hohenwarth, head of the West German Association of Banks. "That name attracts business from abroad and within the country."

The Flick transaction, he said, can only widen the bank's international prestige, after the bank's success in bringing prominent family-owned companies, such as the Axel Springer publishing house, the luxury-car maker Porsche, computer maker Nixdorf, and detergent maker Henkel, to the stock market in the past two years.

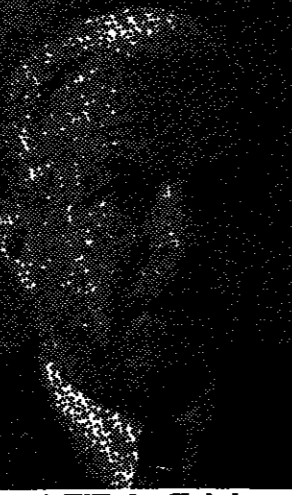
Deutsche Bank's 5-billion-DM takeover of Flick, the nation's largest buyout, illustrates the way that big acquisitions are handled in West Germany. Unlike the wave of hostile takeovers that has hit U.S. and British industry, large buyouts in West Germany usually are done on the most friendly of terms with a leading bank, more often than not Deutsche Bank, presiding over the closed negotiations.

In the case of Flick, a takeover by Deutsche Bank was certainly friendly because of the position of Friedrich Karl Flick, the group's founder and only owner, on the supervisory board at Deutsche Bank and because of Deutsche Bank's history as house bank to Flick.

The takeover of Flick followed a major payoff scandal in West Germany, in which a senior Flick executive and two former economic ministers, including Mr. Lambdort, were indicted. The three are now standing trial on tax-evasion and bribery charges related to alleged efforts by the company to obtain tax exemptions on capital gains.

Despite Deutsche Bank's promise to offer the entire Flick acquisition to the public through share offerings, Mr. Jens of the Social Democratic Party said the transaction is a "dangerous development" because it is a case of industrial activity being orchestrated by big domestic banks.

Because West German corporations tend to be undercapitalized — reporting to bank credit as the sole source of finance — the role of big banks in industry as both creditor and direct investor is considerably more pronounced in West Ger-



F. Wilhelm Christians

many than in other Western economies.

The danger of banks buying huge financial stakes in West German companies, Mr. Jens said, is that the companies, especially small to midsize ones, come under pressure to produce rapid dividends to bank shareholders rather than concentrate on longer-term strategy aimed at improving international competitiveness.

"The powerfully represented interests of German banks on the supervisory boards of German companies are not always in tandem with the interests of the companies' executives" or other shareholders, Mr. Jens said.

Mr. Lambdort counters, noting, however, that concern should not be centered on Deutsche Bank alone but rather on the broader question of West German bank influence on industry.

"I believe there is ample reason today to reconsider measures I had proposed both in 1975 and 1979 to limit the degree to which banks can hold stakes in industry," Mr. Lambdort said. "As far as Deutsche Bank is concerned, I think there are responsible people managing the bank. Nobody here thinks those managers abuse the economic power that Deutsche Bank possesses."

The case of preponderant bank clout most often cited by the West German press involved Deutsche Bank representatives on the supervisory board of Daimler-Benz making sure, two years ago, that their choice for chairman at Daimler, Werner Breitschwerdt, was installed over the man widely believed by the stock market to be the likely candidate, Edward Reuter, finance chief at Daimler. Deutsche Bank is the largest Daimler shareholder and holder of the supervisory board chairman's post.

To contain what it deems undue bank influence, the Social Democratic Party is reviving debate in the Bundestag about passing laws that would limit the size of a bank's holdings in individual companies to 10 percent. Other party proposals would limit the number of supervisory board seats in industrial

companies that commercial banks could possess.

Before the Flick transaction, some uneasiness about the extent of bank influence on industry had been sparked by Deutsche Bank's role last October in the proposed takeover of the electronic conglomerate AEG AG by Daimler-Benz.

In addition to being Daimler's largest shareholder, Deutsche Bank was a major creditor to AEG before the takeover bid and was strongly represented on the supervisory board along with officials of Dresdner Bank, the chief AEG creditor. Eyebrows were raised over Deutsche Bank's presence being felt on both ends of the negotiating table.

Wolfgang Kartte, the country's chief antitrust official, and Otto Schlecht, senior state secretary in the economics ministry, last month warned commercial banks about attempting to obtain decisive stakes in industrial companies — for themselves or for a third party — by pooling their minority interests in ways that would escape the need to meet approval of the Federal Cartel Office. Mr. Schlecht said his office was considering a tightening of requirements for Cartel Office approval of minority stakes.

Alfred Herrhausen, selected last January to join Mr. Christians as bank co-chairman, denied speculation at a press conference last month that Deutsche Bank was weighing the creation of a holding company that would separate the bank's industrial holdings from its core credit business.

But the banking association president, Mr. Schröder-Hohenwarth, thinks such a move could take the heat off Deutsche Bank in a productive way: "The creation of a holding company, as we have had at my bank [the Frankfurt-based BHF-Bank] since 1881, would be a good device with which Deutsche could respond to criticism that the bank is exercising too much influence over industry."

## United Airlines Reducing Fares

Reuters  
CHICAGO — UAL Inc.'s United Airlines said Monday that it will reduce its fares for domestic travel during the winter months but will increase fares in two steps for the summer months.

The largest U.S. air carrier said it was acting in response to winter holiday sales being offered by its competitors. United said it will offer discount fares at about 75 percent below regular coach fare levels between Jan. 8 and March 20. The fares will apply to flights to and from Alaska but not to Florida.

Between March 21 and May 31, fares will be increased by \$20 to \$40 round trip, the company said. After June 1, fares will be increased another \$20 to \$40 round trip.

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98%	BATIN	106.36	46
99%	BATIN	106.36	46
100%	BATIN	106.36	46

1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	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1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																							

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25%	25%	KeichC									
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87	1974	51%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
88	1975	56%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
89	1976	51%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
90	1977	56%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
91	1978	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
92	1979	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
93	1980	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
94	1981	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
95	1982	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
96	1983	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
97	1984	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
98	1985	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
99	1986	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
100	1987	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
101	1988	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
102	1989	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
103	1990	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
104	1991	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
105	1992	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
106	1993	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
107	1994	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
108	1995	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
109	1996	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
110	1997	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
111	1998	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
112	1999	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
113	2000	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
114	2001	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
115	2002	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
116	2003	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
117	2004	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
118	2005	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
119	2006	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
120	2007	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
121	2008	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
122	2009	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
123	2010	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
124	2011	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
125	2012	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
126	2013	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
127	2014	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
128	2015	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
129	2016	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
130	2017	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
131	2018	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
132	2019	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
133	2020	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
134	2021	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
135	2022	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
136	2023	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
137	2024	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
138	2025	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
139	2026	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
140	2027	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
141	2028	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
142	2029	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
143	2030	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
144	2031	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
145	2032	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
146	2033	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
147	2034	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
148	2035	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
149	2036	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
150	2037	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
151	2038	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
152	2039	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
153	2040	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
154	2041	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
155	2042	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
156	2043	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
157	2044	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
158	2045	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
159	2046	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
160	2047	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
161	2048	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
162	2049	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
163	2050	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
164	2051	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
165	2052	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
166	2053	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
167	2054	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
168	2055	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
169	2056	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
170	2057	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
171	2058	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
172	2059	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
173	2060	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
174	2061	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
175	2062	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
176	2063	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
177	2064	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
178	2065	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
179	2066	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
180	2067	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
181	2068	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
182	2069	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
183	2070	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
184	2071	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
185	2072	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
186	2073	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
187	2074	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
188	2075	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
189	2076	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
190	2077	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
191	2078	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
192	2079	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
193	2080	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
194	2081	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
195	2082	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
196	2083	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
197	2084	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
198	2085	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
199	2086	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
200	2087	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
201	2088	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
202	2089	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
203	2090	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
204	2091	12%	MinP pf	2.33	9.9	9.9	2525	74%	74%	74%	+21	11%
2												

[illegible]

Age	Sex	Height	Weight	Body Fat %	Lean Body Mass (kg)	Basal Metabolic Rate (kcal/day)	Estimated Total Daily Energy Expenditure (kcal/day)
16	M	173	65	13%	56	1530	1680
16	F	163	50	13%	43	1260	1360
17	M	178	75	13%	65	1680	1830
17	F	163	50	13%	43	1260	1360
18	M	183	85	13%	75	1830	1980
18	F	168	60	13%	52	1410	1510
19	M	188	95	13%	85	1980	2130
19	F	173	70	13%	60	1680	1780
20	M	193	105	13%	95	2130	2280
20	F	178	75	13%	65	1780	1880
21	M	198	115	13%	105	2280	2430
21	F	183	80	13%	70	1830	1930
22	M	203	125	13%	115	2430	2580
22	F	188	85	13%	75	1980	2080
23	M	208	135	13%	125	2580	2730
23	F	193	90	13%	80	2080	2180
24	M	213	145	13%	135	2730	2880
24	F	198	95	13%	85	2180	2280
25	M	218	155	13%	145	2880	3030
25	F	203	100	13%	90	2280	2380
26	M	223	165	13%	155	3030	3180
26	F	208	105	13%	95	2380	2480
27	M	228	175	13%	165	3180	3330
27	F	213	110	13%	100	2480	2580
28	M	233	185	13%	175	3330	3480
28	F	218	115	13%	105	2580	2680
29	M	238	195	13%	185	3480	3630
29	F	223	120	13%	110	2680	2780
30	M	243	205	13%	195	3630	3780
30	F	228	125	13%	115	2780	2880
31	M	248	215	13%	205	3780	3930
31	F	233	130	13%	120	2880	2980
32	M	253	225	13%	215	3930	4080
32	F	238	135	13%	125	2980	3080
33	M	258	235	13%	225	4080	4230
33	F	243	140	13%	130	3080	3180
34	M	263	245	13%	235	4230	4380
34	F	248	145	13%	135	3180	3280
35	M	268	255	13%	245	4380	4530
35	F	253	150	13%	140	3280	3380
36	M	273	265	13%	255	4530	4680
36	F	258	155	13%	145	3380	3480
37	M	278	275	13%	265	4680	4830
37	F	263	160	13%	150	3480	3580
38	M	283	285	13%	275	4830	4980
38	F	268	165	13%	155	3580	3680
39	M	288	295	13%	285	4980	5130
39	F	273	170	13%	160	3680	3780
40	M	293	305	13%	295	5130	5280
40	F	278	175	13%	165	3780	3880
41	M	298	315	13%	305	5280	5430
41	F	283	180	13%	170	3880	3980
42	M	303	325	13%	315	5430	5580

1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100
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Per Share	0.26	0.26
1983 net includes loss of six assets over \$4 million in interest in Raymark Corp.		
<b>Federal Co.</b>		
2nd Qtr.	1984	1983
Revenue	307.5	315.5
Net Inc.	11.2	7.4
Per Share	0.26	0.26
1st Half	1984	1983
Revenue	609.7	665.2
Net Inc.	21.5	14.6
Per Share	0.67	0.52
<b>General Mills</b>		
2nd Qtr.	1985	1984
Revenue	1,020	1,138
Net Inc.	92.0	101.0
Op. Share	1.03	1.03
at loss; 1985 quarter and year net includes offsetting charges for goodwill, transition adjustments and additional losses		

[illegible]

only one plane, a Boeing 737 which it leases

**The Daily Source for International Investors**

**Herald & Tribune**

For more information, contact:

Mr. J. M. Smith, Director of International Relations  
The New York Times, 110 West 43rd Street, New York, N.Y. 10036  
Tel. (212) 512-2000, ext. 2345

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HONG KONG — Reuters

Hong Kong's established airline, Cathay Pacific, had opposed Dragonair's plans to fly to those two cities, arguing that there was not enough business. The authority agreed but said Dragonair could apply again if business increased.

Britain and China must approve an increase in scheduled flights between the two countries before Dragonair can use its new licenses. Dragonair was established earlier this year and has only one plane, a Boeing 737 which it leases.

Revenue and profits or losses, in millions, are in local currencies unless otherwise indicated

[illegible]

1985		1984		1983	
Revenue	Profit	Revenue	Profit	Revenue	Profit
\$16,436	\$7,130	\$17,130	\$7,130	\$16,436	\$7,130
\$26.97	\$25.32	\$26.97	\$25.32	\$26.97	\$25.32

Per Share: 1985 0.04

1985 net both periods in charge of \$2.6 million in deviation.

**United States**

**American Medical**

1985		1984		1983	
Revenue	Profit	Revenue	Profit	Revenue	Profit
\$852.2	\$685.8	\$852.2	\$685.8	\$852.2	\$685.8
\$2.7	\$2.1	\$2.7	\$2.1	\$2.7	\$2.1
\$0.33	\$0.4	\$0.33	\$0.4	\$0.33	\$0.4

**Echlin**

1985		1984		1983	
Revenue	Profit	Revenue	Profit	Revenue	Profit
\$12.5	\$11.42	\$12.5	\$11.42	\$12.5	\$11.42
\$2.25	\$1.42	\$2.25	\$1.42	\$2.25	\$1.42
\$0.26	\$0.28	\$0.26	\$0.28	\$0.26	\$0.28

net includes loss of six

**Univar**

1985		1984		1983	
Revenue	Profit	Revenue	Profit	Revenue	Profit
\$2.94	\$2.94	\$2.94	\$2.94	\$2.94	\$2.94
\$2.94	\$2.94	\$2.94	\$2.94	\$2.94	\$2.94
\$2.94	\$2.94	\$2.94	\$2.94	\$2.94	\$2.94

1984 net includes six 345,000 in quarter and \$1.2 million in 7 months from

Net asset value quotations are supplied by the Funds listed with the exception of some quotes based on issue price. The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (r) - regularly; (i) - irregularly.

SF 934.00	(w) F&C Atlantic	13.98	(w) Weyl Pacific	SF 132.60
SF 1329.00	(w) P&C European	16.47	(w) Lloyds Int'l Smaller Cos.	\$ 15.81
SF 1245.000	(w) F&C Oriental	33.01		
SF 1564.000	FIDELITY PORT & HAMBURG BARRAGE			
	(w) C.I. Class A	\$ 98.34		

\* **Stock:** BF - Belgium Francs; FL - Dutch Florin; L - Luxembourg Francs; ECU - European Currency Unit; SF - Swiss Francs; a - asked; + - Offer Price; b - bid  
 \$1 per unit; N.A. - Not Available; N.C. - Not Commercialized; n - New; S - suspended; S/S - Stock Split; - Ex-Dividend; -- Ex-Rts -- - Gross Performance Index November  
 Price; E - Coupon; -- - Formerly Worldwide Fund Ltd; @ - Offer Price Incl. 3% prelim. charge; +- - daily stock price as on Amsterdam Stock Exchange

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1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	2900	2901	2902	2903	2904	2905	2906	2907	2908	2909	2910	2911	2912	2913	2914	2915	2916	2917	2918	2919	2920	2921	2922	2923	2924	2925	2926	2927	2928	2929	2930	2931	2932	2933	2934	2935	2936	2937	2938	2939	2940	2941	2942	2943	2944	2945	2946	2947	2948	2949	2950	2951	2952	2953	2954	2955	2956	2957	2958	2959	2960	2961	2962	2963	2964	2965	2966	2967	2968	2969	2970	2971	2972	2973	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The International Herald Tribune

Bringing the World's Most Important News to the World's

## Recession Forecast for Gulf Banking

By Stephen Fidler

After years of expansion, the banking industry in the Gulf is shrinking and bankers are predicting a recession in the next two years.

my of the bankers surveyed said that Bahrain's bid to be an international banking center is being threatened by a recession in the Gulf, about by falling oil revenues and a worldwide drive among national banks to cut costs.

rain has more than 70 off-banking units with total assets of \$55 billion. A few closed but most have so far down operations, in some substantially, to cut costs.

recession is that establishing

successful operations in London ahead of next year's capital market liberalization, and in Tokyo, are far higher priorities for international banks.

Bahrain also has suffered from a general shift in attitudes at international banks, the bankers said.

"A few years ago, banks felt they could make a better return on management time by getting new business," said Timothy Ingram, regional director, Middle East, for Grindlays Bank PLC. "We now get a better return by watching costs."

It also has been damaged, bankers said, by a lack of high-quality lending opportunities, a perception heightened by what many said has been a bad experience by banks lending into the Gulf, particularly into Saudi Arabia.

Bankers said they find it almost impossible in Saudi Arabia to enforce judgments against bad debtors, even those who are able to pay, largely because of the nation's underdeveloped legal system. That has undoubtedly had an impact on the reputations of quality borrowers in Saudi Arabia, bankers said.

The legal system is based on Islamic law, which generally forbids usury. And bankers said they believed it is unlikely that the system will be changed despite the prob-



Customers doing business at the National Bank of Bahrain.

lems. "It's too sensitive an issue," said one.

"The irony of the situation is that the banks are going back to name lending," said Christopher Ellis, a regional manager for Midland Bank PLC.

"Name lending" was common in the early days of the Gulf oil boom when, in the absence of reliable financial assessments, banks lent on the basis of little more than

personal knowledge of the borrower.

The recession also has had its impact on Arab banks based in the Gulf, some of which have suffered a reduction in credit lines from international banks worried about poor loan portfolios.

Bankers in London said that central banks in the Gulf region are trying to introduce new rules to enforce greater recognition of non-performing loans, but are hampered by concern that Western-style regulations would wipe out the net worth of some banks.

"There has been a lot of concern about major international banks cutting back lines to the Gulf area, which tends to show a lack of understanding of how these countries operate," Mr. Ellis said.

While most bankers said they believed that central banks in the Gulf would want to back up any bank in difficulty, they admit that they have become more selective about which Gulf banks they are exposed to. Most said their exposure to the region as a whole has not fallen by much.

The downturn at home has led the Arab banks themselves to widen their businesses.

"From the Gulf banks' point of view, with business declining at home, we have had to become more outward-looking," said Christopher Fielder, executive manager for foreign exchange and treasury for the National Bank of Kuwait.

For other banks, one reason to stay in the Middle East is to be closer to the recipients of their loans. Others think they can find a specialized area in which they can make profits, particularly in offering investment banking and advisory or in trade finance.

However, some bankers insist that the professional enthusiasm among banks for investment services is nothing more than a reflection of a decline in the main business areas.

Some analysts see for the region's economies in Saudi Arabia's bid to raise its share of the world oil market. Unless this policy leads oil prices to collapse, government revenues will rise.

This suggests government spending, the motor of the Saudi economy, may have bottomed out in the summer when oil output sank to a 20-year low of two million barrels per day.

## CURRENCY MARKETS

### Dollar Drifts in Ho-Hum Trading

Compiled by Our Staff From Dispatches

NEW YORK — The dollar ended lower in Europe and mixed in the United States Monday after drifting for most of the session in very quiet pre-Christmas trading.

Dealers said there was no interest in taking new positions and little reaction to favorable U.S. personal income and consumption data released early in the session.

"This is a holiday market that is not in any way anxious to make any move," said Jeffrey Mondesheim, a trader with Merrill Lynch International in New York.

"Everyone is tucked away in their beds hoping Santa arrives," he said, adding that many foreign exchange offices in both Europe and the United States will be closed Tuesday and Christmas Day.

In Frankfurt, dealers said that spot trading there amounted to under \$100 million Monday compared with the tens of billions of dollars that they normally handle in the course of a day.

"No one's home," one bank dealer there said. "It's Christmas."

In New York, the dollar rose to 2.5090 Deutsche marks from

2.5075 on Friday and to 202.60 yen from 202.40, but slipped to 7.6800 French francs from 7.6925 and to 2.1000 Swiss francs from 2.1050.

The British pound fell to \$1.4260 from \$1.4315.

In earlier trading in Europe, the dollar slipped in London to 2.5050 DM from an opening 2.5105 and Friday's close of 2.5100. It also eased to \$1.4298 against the British pound from \$1.4245 on Friday; to 202.45 yen from 202.63, and to 2.1005 Swiss francs from 2.1110.

Dealers said the reported 0.6-percent rise in U.S. personal income in November after a revised 0.5-percent rise for October was slightly better than expected, but left the dollar unmoved.

The Commerce Department also reported a healthy 0.9-percent rise in U.S. personal-consumption expenditures for November after a 1.4-percent decline in October, but markets did not react to this either, dealers said.

One U.S. bank dealer said the few trades done during the session were modest in size as customers tidied up their year-end books. He said the market has turned its at-

tention from economic fundamentals to the chances of a near-term cut in U.S. interest rates.

The U.S. Federal Reserve's direct injection of reserves on Friday with the federal funds rate on overnight bank loans trading under 8 percent is being seen as a clear signal of the Fed's intention to ease credit, he said.

"The market will continue trading in its current range until we see that discount-rate cut," another U.S. dealer said. "It has probably been discounted in money markets but could still move the foreign exchange market."

The discount rate, the Fed's charge on loans to member banks, is the rate from which all other U.S. interest rates are scaled upward.

In other European markets Monday, the dollar was fixed at mid-afternoon in Frankfurt at 2.5095 DM, down from 2.5200 at the Friday fixing; at 7.6960 French francs in Paris, down from 7.7220, and at 1,709.70 lire in Milan, down from 1,717.25. In Zurich, the dollar closed at 2.1025 Swiss francs, down from 2.1155. (Reuters, JHT, UPI)

## Exxon to Take Stake in Yemen Oil Agreement

United Press International

NEW YORK — Exxon Corp. Monday said it had agreed to acquire Hunt Oil Co.'s 50 percent interest in an oil production-sharing agreement with Yemen. Specific terms were not disclosed.

The North Yemen government approved the assigning of its interest to Exxon.

Under the agreement, Hunt and Exxon have set up a joint venture to produce and transport oil from the oil field, which has just been classified as commercial with estimated 400 million barrels of

recoverable oil reserves. The pact also calls for Hunt and Exxon to search for additional oil finds in the jointly held area.

The Hunt land about other areas held by Exxon in North Yemen under a separate production-sharing agreement with the government that is not affected by the joint venture.

Yemen Hunt Oil Co. was awarded its production-sharing agreement covering about 4 million acres (1.6 million hectares) in 1981. On July 4, 1984, Hunt discovered the Alif field, the first oil strike in North Yemen. Yemen Hunt will

continue as the operator of the joint venture with Exxon.

### Exploration in China

Texaco Inc. and Chevron Corp. announced Monday that their subsidiaries had signed a new agreement for additional oil and gas exploration off China's shores, United Press International reported from New York.

Texaco Petroleum Maatschappij (Nederland) and Chevron Overseas Petroleum each have a 33 1/3-percent interest in the area in the Pearl River Mouth Basin.

## Monday's OTC Prices

NASDAQ prices as of 3 p.m. New York time.

Via The Associated Press

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